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Pensions & Investment Age

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Canadian firms listed this issue

Pensions & Investment Age's annual directory of Canadian investment advisers begins on page 21 of this issue.

Sixty trust companies, insurance companies and money management firms are listed.

Air courier's plan funding taking off

By Barry B. Burr

MEMPHIS, Tenn. — Federal Express Corp. is increasing its pension fund contribution dramatically at a time when many sponsors are decreasing theirs.

The plan, which was begun in 1978, has about $60 million in assets.

Contributions jumped to $18.7 million in 1983, from $13.5 million in 1982 and $9.5 million in 1981. "Our contribution probably will have a big leap" in 1984 as well, said Jeffrey O. Drinan, manager of trust investments since January.

He estimates the 1984 contribution, to be made in February, will be $22.4 million, almost a 250% rise in three years.

By comparison, Federal Express reported earnings of $86.7 million for the first nine months of its fiscal year, ended Feb. 29. (It will report fiscal 1984 earnings in mid-July.) For its fiscal year ended May 31, 1983, it recorded earnings of $88.9 million.

The rising contributions are contrary to a trend at many other corporations, where contributions have been sliced mainly because of the high returns on pension investments during the past few years (*Pensions & Investment Age*, May 14). Decreases are more common among older, mature plans than in newer ones like Federal Express'.

Continud on page 43

In-state firms get edge in bidding process

Oklahoma funds cut off advisers

By Fred Williams

OKLAHOMA CITY — State pension funds in Oklahoma have terminated their out-of-state investment managers, trying to satisfy an apparent bias by the state central purchasing office toward Oklahoma managers.

The decision to fire four non-Oklahoma managers and give $243 million in pension assets to in-state managers and banks was prompted by a state attorney general's opinion last year. That opinion requires public funds to use a competitive bidding process to select managers (*Pensions & Investment Age*, Aug. 22, 1983).

The state's five public funds have total assets of about $1.8 billion, none of which likely will go to non-Oklahoma managers in the future, sources say.

Some public pension fund executives are unhappy with the situation. They claim the policy effectively removes some of the fiduciary responsibilities associated with managing their funds, and places it in the Department of Public Affairs, the state's purchasing department.

The Oklahoma Law Enforcement Retirement System, Oklahoma Firefighters Pension and Retirement Fund and the Oklahoma Police Retirement System all terminated their out-of-state managers when their contracts expired July 1.

The funds replaced them with Oklahoma managers selected through the new bidding process.

The other two state public funds — the Oklahoma Teachers' Retirement System and the Oklahoma Public Employees Retirement System — had no out-of-state managers.

"We prefer to have Oklahoma managers" although those from other locations are considered, said Jerry McDonald, the buyer in the

Continued on page 43

Oklahoma City: Oklahoma pension funds are hiring in-state money managers over out-of-state firms

Wisconsin board taking big equity bites

By Chuck Paustian

MADISON, Wis. — The $8.5 billion Wisconsin State Board of Investment recently purchased at least 5% of the common stock of six companies.

Kenneth E. Codlin, executive director, said the investment board is attempting to improve its performance results and increase its stock universe by looking at some companies it had not considered previously.

"We are such a large fund, we need to buy a large portion to make a noticeable difference in our portfolio," said Mr. Codlin.

Since May 17, the board has purchased 679,000 shares in Consolidated Freightways Inc., or 5% of the company's outstanding shares; 84,000 shares in First Financial Corp., 5.1%; 203,000 shares in Materials Research Corp., 5.%; 358,000 shares in Wolverine World Wide Inc., 5%; 734,000 shares in Interco Inc., 5%; and 376,000 shares in Ryan Homes Inc., 5.5%.

Mr. Codlin said although there is no state statute that limits investment in any one company, the board does follow a self-imposed guideline.

"In no case, would we ever go beyond 10% (of one company) and usually not even close to that. Generally, we wouldn't exceed 5%," Mr. Codlin said.

He added that generally, no single holding can go beyond 2% of the fund's total assets.

Public funds tend to be conservative on the extent to which they invest in a company, remaining in lower percentage holdings, said Peter Grant, vice president of Towers, Perrin, Forster and Crosby Inc., an actuarial consulting firm in Chicago.

However, Mr. Grant pointed out a minimum purchase requirement (the minimum a fund invests to make the purchase worthwhile) is not out of the ordinary.

Howard J. Bicker, executive director for the Minnesota State Board of Investment, said buying such substantial holdings in a company could lead to lower diversification and reduced liquidity. Mr. Bicker, however, added his confidence in the Wisconsin board, and pointed out it could be a favorable situation.

Mr. Codlin pointed out that in Wisconsin's case, the board actually is increasing its portfolio diversification: "We are trying to increase our diversification by increasing the number of stocks we look at."

Mr. Codlin did concede reduced liquidity could be a problem, saying, "that's why we are being very cautious about this." ■

Madison, Wis.

Late news

Fund names director

HARRISBURG, Pa. — James Perry, acting executive director for the $6.3 billion Pennsylvania Public School Employees' Retirement System, was appointed formally to the spot. Clay Mansfield was hired as investment administrator.

PBGC hires 3 firms

WASHINGTON — The Pension

Continued on page 2

Peter Vermilye

Speculation heightens in 'Son of Peter' search

By Marci Baker and Rose Darby

NEW YORK — The naming of John Reed as chairman and chief executive officer of Citicorp has ignited speculation on another key question: Who will replace Peter Vermilye as chief investment officer of the bank's $36 billion Citicorp Investment Management unit.

Mr. Vermilye, senior vice president and chief investment officer, is due to retire after he turns 65 in January.

One name that has surfaced continually in the "Son of Peter" search, as some have dubbed it, is that of Robert Wade Jr., chief investment officer for BA Investment Management Corp. in San Francisco.

Some say a top investment executive at a New York firm also is being considered, but Mr. Wade appears to be No. 1, sources say.

Mr. Wade would not respond to telephone calls regarding the possibility of a move to Citicorp.

Not surprisingly, Citi-

Continued on page 46

Cash Management | Section starts

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DC2001 4STATLR FMPJ M
STATISTICAL REFERENCE INDEX
4520 EAST-WEST HWY SU 800
WASHINGTON DC 20014

REIT partnerships draw fund money

By Mark Westerbeck

BOSTON — About 10 pension funds and endowments invested in limited partnerships in one of the few real estate investment trusts to solicit institutional money.

Some of the limited partners also are shareholders in the REIT, Property Capital Trust. As a result, said Robert M. Armstrong, Property Capital senior vice president and treasurer, they are "playing it two ways — buying into the commingled pool and taking a specific equity interest."

Real estate

Pension fund investors with dual commitments are those of the World Bank and the Massachusetts Institute of Technology's staff. Other repeat investors include endowments at Harvard University and MIT and the Carnegie Foundation and Employers Insurance of Wausau.

The Mormon Church foundation, the Stanford University endowment, the Memorial Drive Trust (the pension fund for the Cambridge, Mass., international consulting firm Arthur D. Little Inc.) and the Bernice Pauhli Bishop Estate, whose family has been one of Hawaii's most prominent landowners, are limited partners.

The REIT closed two of its four partnerships on specific properties last month.

The two new partnerships are PCA Phoenix Associates, a $30 million investment in the first phase of a Phoenix office complex, and PCA Southwest Associates, a $22 million equity investment in 3,000 Houston garden apartment units that came with $29 million of mortgage financing.

In all four partnerships, Property Capital is the general partner, with a substantial stake in the investment.

Some investors have been involved in each of the partnerships. Some have not, simply because their managers dislike specific property types, Mr. Armstrong said.

He said investors typically can expect a 10% real return from the partnerships, although the Houston garden apartment deal should perform better than that.

In the Phoenix Associates project, the trust invested $10 million, with the balance from endowments, pension funds and foundations. The investment is in Phase I of the Central Park Square office building complex, consisting of a 234,000-square-foot, 12-story office tower and a 790-car garage. Construction began in December, and is expected to be completed late this year. The partnership will begin funding its capital after the turn of the year.

Robert M. Melzer, president of Property Capital, said leasing commitments are in hand for more than a third of the building. The partnership holds a right of first refusal on Phase II, an adjoining of-

Continued on page 45

Central Park Square office building complex: The trust invested $10 million, with the balance from endowments, pension funds and foundations in Phase I of this project

First Church hires outside management

By Rose Darby

BOSTON — The First Church of Christ, Scientist, with about $200 million in tax-exempt assets, hired eight money managers and a master trustee in a move away from in-house management.

John Roy, assistant treasurer, said four managers were hired to run 80% of the assets.

They are BEA Associates in New York, which will manage a fixed-income account; Equitable Investment Management in New York, a balanced account; Templeton Investment Counsel in Fort Lauderdale, Fla., global equity; and Rollert & Sullivan Inc. of Boston, equities.

The remaining 20% will be divided among four specialty managers: Morgan Grenfell Investment Services in New York, international equities; Hambrecht & Quist Equity Management of San Francisco, high-technology, emerging growth stocks; Johnson, Valliant and Broadfoot Inc. of Baltimore, emerging growth stocks; and Paula D. Hughes of Thomson McKinnon Securities Inc. in New York, equities.

State Street Bank & Trust of Bos-

Continued on page 45

Splits $41 million among 4 funds

Washington hikes venture capital

By Steve Hemmerick

OLYMPIA, Wash. — The Washington State Investment Board has invested $41 million in four venture capital limited partnership funds, hoping to get good values as a result of the dampened interest among some investors in high-technology companies.

The funds and the amounts invested are: Menlo Ventures III, Menlo Park, Calif., $20 million; Brentwood Associates IV, Los Angeles, $15 million; Paragon Partners, Menlo Park, $4 million; and Pierce Nordquist Partners, Seattle, $2 million.

John Hitchman, executive director of the investment board, said one of the investments, in the Pierce Nordquist fund, was made in part because of the fund's unique approach to high-temperature ceramics. He added that investments in all cases primarily were because of the experience of the managers.

Clare Nordquist, one of the Pierce Nordquist partners, has spent 25 years with the Coors Porcelain Co., a wholly owned subsidiary of Adolph Coors Co., a company best known for its beer. At Coors Porcelain, Mr. Nordquist was group vice president for electronic ceramic packaging materials, said Jim Pierce, also a partner of Pierce Nordquist.

An adviser to the Pierce Nordquist fund is James Mueller, now a professor at the University of Washington in Seattle, but formerly head of the ceramic tile project for the National Aeronautics and Space Administration space shuttles.

Mr. Pierce said work with ceramics is being done on ceramic automobile engines in Japan and Germany, and also in medical technology, such as for tooth and bone replacements.

Overall, said Mr. Hitchman, venture capital as an investment area is having some difficulty now because of an enormous retrenchment in value of high-technology companies. In some instances, he said, venture capitalists are seeing "a little bit of the dark side of the moon."

But, he said, this is an opportune time for additional venture capital financings "at good reasonable security prices. There is a lot of opportunity."

However, he said some people are passing up that opportunity: "People get a little bit shy."

While a relatively small percentage, only 2.5%, of the $5 billion state system is invested in venture capital, the pension fund has "a lot of the actual dollars invested," he said, because of the fund's huge size.

This is the third year the state fund has invested in venture capital. Mr. Hitchman said the board believes it is an important area.

He said political and economic conditions continue to favor venture capital-type investments. There is an enormous amount of activity in venture capital, not just in computers but in other areas as well, Mr. Hitchman said.

Some of these venture capital companies, he said, "are going to be major factors down the road. It is an area with bright people and bright ideas."

Yet the state board believes it has reached its limit, for now, in venture capital investment by the pen-

Continued on page 45

Late news

Continued from page 1

Benefit Guaranty Corp. soon will issue contracts for three new investment managers.

None of the managers, Lazard Freres Asset Management of New York, Lehman Management of New York and InterFirst Investment Management of Dallas, was funded.

A PBGC spokeswoman said the hirings establish "a relationship between the corporation and the money manager."

Idaho adds agents

BOISE, Idaho — The Idaho Public Employee Retirement System added two new funding agents to a team of six already handling its $660 million pension fund.

Captal Trust Co., Portland, Ore., and E.F. Hutton Trust Co., New York, each will control about $30 million, said Robert Venn, executive director.

In addition, existing funding agent Idaho Bank & Trust hired Century Capital Associates, New York, and Eaton & Howard, Vance Sanders Inc., Boston, to each manage about $42 million in assets, for which it is funding agent.

Under state law, the public employee pension fund must be allocated to "funding agents," which have trustee and investment responsibility over the assets.

DOL proposal

WASHINGTON — Pension funds would be able to enter into repurchase agreements with listed dealers in bankers acceptances under a proposed expansion of a Department of Labor class exemption.

Listed dealers report their positions daily to the Federal Reserve Bank of New York.

Over-65 rule ordered

WASHINGTON — The Equal Employment Opportunity Commission ordered its staff to develop a rule requiring that pension credits accrue for workers from ages 65 through 69.

Firms join forces

BOSTON — Oppenheimer Holdings Inc., New York, and Victor Palmieri & Co., Washington, are offering a limited partnership that invests in financially troubled firms.

Beacon Hill Financial Corp., Boston, is marketing the Oppenheimer-Palmieri Workout Fund to large pension funds.

Money movers . . .

• SEATTLE — Boeing Co. has brought in Eberstadt Asset Management, New York, as a fixed-income manager for its roughly $3 billion pension plan. The firm reportedly has been given in excess of $20 million to run in a high-yield bond account.

• PHILADELPHIA — The Board of Pensions of the Presbyterian Church has begun funding a $25 million commitment to CIGNA Capital Advisers' Fund S, a closed-end pool for non-ERISA plans. The allocation by the $864 million church fund is the first to equity real estate.

• NEW YORK — Colgate-Palmolive Co., with about $700 million in employee benefit assets, selected Chase Manhattan Bank as its first master trustee, said Thomas Volpe, vice president-treasurer.

• MINNEAPOLIS — The McKnight Foundation, with assets of more than $500 million, has committed up to $10 million to Coldwell Banker's eighth closed-end equity fund.

• SAN FRANCISCO — The DiGiorgio Corp. has chosen Mellon Bank, Pittsburgh, as master trustee for its $30 million in employee benefit assets.

Mellon Bank replaces Bank of America, San Francisco.

• NILES, Ohio — RMI Co. hired Connecticut General Life Insurance Co., Hartford, Conn., a CIGNA company, to manage its pension fund assets of more than $24 million, replacing Chemical Bank of New York.

• NEW ORLEANS — Petroleum Helicopters Inc. tapped Republic-Bank Dallas as balanced manager for its $10 million profit-sharing program, and to administer its $2 million employee stock ownership plan.

Hibernia National Bank, New Orleans, was dropped.

Highlights

CASH MANAGEMENT
Corporate float drained off by Fed 39
Texas Instruments calculates cash strategy ... 39

CORPORATE FINANCE
Impact of new tax bill assessed 36
CIGNA buys into satellite launch 37

DAN DORFMAN
Will there be a summer rally? 42

FEATURES
Wilcox: Stats behind the international move 31
Pines: Alternatives for "excess assets" 32

GENERAL NEWS
Tax bill curbs self-funded plans 4
Houston police shoot for realty 6
New bill removes repos' fatal flaw 8

CANADIAN DIRECTORY
Big shakeout hits Canadian managers 21
In-house trend shutting out firms 21

REAL ESTATE
Two funds vault into social investment 15
Missouri State system's realty strategy 15
Real estate opportunities cited 15

DEPARTMENTS
Editorials 10
Market beat 18
Money movers 46
People 34
Washington notebook 29

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Canadian DIRECTORY

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Advisers find many doors closed

Plans pull assets in-house

By Barry B. Burr

OTTAWA — Six years ago, all the pension assets of the Canadian Broadcasting Corp. were run by outside money managers.

Now, only 5% of the assets are.

In 1978, CBC brought 85% of the fund's assets in-house. In 1982, it brought another 10% in-house.

"When you reach a certain size, it's a lot more cost effective to manage money in-house," said Jerome Lapointe, CBC pension fund manager.

The CBC's $877 million in assets now rank as the 13th largest among corporate and public funds in Canada.

Other large funds also are managing more money internally.

"That's the tendency in Canada, to go more and more in-house," Mr. Lapointe said.

There are no precise statistics available on the trend. But Pension Finance Associates Ltd. recently surveyed pension funds whose assets totaled $47 billion. The Toronto-based consultant found 44% of the assets were managed internally.

D. Don Ezra, principal, qualified the findings, noting the large funds in the survey using in-house management might have skewed the results.

Regardless of the precise percentage, many funds in Canada manage all or a large part of their pension assets internally, foreclosing much of the pension market to money management firms.

The 20 largest funds in Canada have about $29 billion, accounting for 36% of the approximately $80 billion in trusteed pension assets, according to Statistics Canada, a government agency.

The PFA survey found 56% of the pension assets in the funds surveyed were managed outside: 27% by investment counseling firms; 15% by insurance companies; and 14% by trust companies.

Of the 20 largest pension funds in Canada, 16 manage most of their assets in-house. Canadian National Railway, the largest fund with $3.8 billion in assets, manages 93% internally.

The other funds, ranking from second in size with $3.5 billion in assets to 20th with $552 million, are:

Ontario Municipal Employees Retirement System, 90% managed internally; Bell Canada Ltd., 100%; Hospital of Ontario Pension Fund, 100%; Ontario Hydro, 100%; Canadian Pacific Ltd., 100%; Air Canada, 85%; Hydro-Quebec, 100%; General Motors of Canada, none; Aluminum Co. of Canada, none; Imperial Oil Ltd., 70%; Royal Bank of Canada, 100%; CBC, 95%; Stelco Inc., 5%; Northern Telecom Ltd., 90%; Inco Ltd., 85%; Ford Motor Co. of Canada, none; Canadian Imperial Bank of Commerce, 100%; Shell Canada, 50%; and Bank of Montreal, 70%.

Jerome Lapointe

In interviews, several fund officials explained their preference for internal money management by saying, not surprisingly, they believe they could run money better than outside advisers.

As Dennis A. Beggs, director of investments for the Ontario Muncipal Employees

Continued on page 30

Funds seek broader field of investment

By Barry B. Burr

TORONTO — A group of the 70 largest pension funds in Canada wants to loosen investment regulations, including ending or at least liberalizing the restriction on investing abroad.

The group also wants to lift the prohibition on investing in foreign real estate.

The Pension Investment Association of Canada, whose assets of $55 billion comprise two-thirds of $80 billion in trusteed pension assets in the country, is submitting the proposals to provincial labor ministers and federal officials. In Canada, the provinces oversee much of pension regulation.

For the past three years, other proposals to change Canadian pension rules have been before provincial and federal legislatures. These proposals have dealt for the most part with benefits, or the liability side of pensions.

One of the most controversial proposals, which made the front pages of many newspapers in June, would require private, as well public, pension funds to index benefits for inflation.

Now the Pension Investment Association has joined the "great pension reform debate," said Dennis A. Beggs, investment manager of the

Continued on page 30

The Parliament building, Ottawa, (above) and downtown Toronto: Canadian funds are seeking a legislative easing of investment limits.

Survey finds shift among Top 10 firms

By Barry B. Burr

CHICAGO — The rankings by tax-exempt assets of Canada's largest investment managers had a major shakeout during the past year, according to *Pensions & Investment Age's* annual directory of Canadian money managers.

Montreal Trust Co. of Canada, ranked fourth last year among investment managers with $2.2 billion in tax-exempt assets, reported $1.7 billion in assets this year. The loss of $500 million dropped it out of the Top 10 money managers.

Donald R. Large, vice president-corporate services in Montreal Trust's Vancouver office, attributed the loss to pension funds moving to investment counseling firms. "We've been restructuring the organization in money management, and should see the results in the next year or two," he said.

In the Montreal office, Norman Cunningham, senior vice president-investment management division, said, "As far as I can determine, last year's assets were miscalculated and overestimated." He said Montreal Trust has lost market share, but the asset base has remained stable. Mr. Cunningham confirmed the restructuring, but did not elaborate.

Great-West Life Assurance Co., Winnipeg, displaced Royal Trust Co., Toronto, in the top spot. Both increased the amount of assets under management. Great-West grew to $4.9 billion from $4.1 billion; Royal Trust to $4.5 billion from $4.2 billion.

The directory lists 60 insurance companies, trust companies and investment counselors, whose tax-exempt assets total $54 billion — $43 billion in discretionary accounts.

The directory shows Canadian stocks are held by 57 managers; bonds, 56; real estate equity, 12; mortgages, 36; U.S. equities, 45; and other investments, such as oil and gas and venture capital, 10.

The composite asset mix, in rounded numbers, is 38% in Canadian stocks, 11% in bonds, 14% in cash, 14% in equity real estate, 12% in mortgages, 9% in U.S. stocks and 5% in other investments.

The assets invested in real estate are skewed by two large management firms. If Lehndorff Management Group's accounts are eliminated, the percentage in equity real estate declines to 6%. Similarly, if Morguard Investments Ltd. is eliminated, the aggregate invested in mortgages falls to 10%.

The directory shows investment counseling firms manage by far most of the tax-exempt assets, 51%, more than insurance and trust companies combined. ■

Key to abbreviations
C: Corporate accounts
E: Educational endowments
F: Private foundations
G: Provincial governments
U: Unions

a

Aetna Canada
145 King St. W., Toronto, Ontario M5H 3T7; (416) 864-8000

Total assets managed	$1,172,000,000
Tax-exempt assets managed:	
Total	$478,000,000
Fully discretionary	$340,000,000
Real estate assets managed	$139,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	780
Types of accounts managed	CGU
No. of portfolio managers	5
Size of research staff	4

Aetna Canada's approximate mix of tax-exempt assets as of March 31 was 26% Canadian stocks, 25% bonds, 13% cash, 4% equity real estate and 32% mortgages.

The balanced manager has real estate and short-term investment capabilities.

Its equity strategy is based on determination of an overall market direction.

Within that framework, it evaluates the trend of each stock based on a variety of fundamental and technical factors.

The firm strives to attain an above-average, less volatile fixed-income return by using asset shifts between bonds and mortgages as well as movements along the yield curve.

B.F.H. Graham, vice president and treasurer, is the chief investment officer; William H. Alexander, associate treasurer, is the client contact.

Altamira Management Ltd.
475 Michel Jasmin, Dorval, Quebec H9P 1C2; (514) 631-2347

Total assets managed	$325,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$140,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CF
No. of portfolio managers	2

Altamira Management's approximate mix of tax-exempt assets was 90% bonds and 10% cash as of March 31.

The fixed-income manager employs interest-rate anticipation and value arbitraging to maintain a core portfolio that undergoes extensive substitution trading on basis of value. This strategy is combined with conservative term and credit exposure.

Clients include Falconbridge, George Weston, Steinberg and Le Groupe Commerce.

Gary Gilmore, president, and David Baker, vice president, are the chief investment officers and the client contacts.

b

Beutel Goodman & Co. Ltd.
Suite 1201, 2300 Yonge St., Toronto, Ontario M4P 1E4; (416) 485-1010

Total assets managed	$2,700,000,000
Tax-exempt assets managed:	
Total	$2,500,000,000
Fully discretionary	$2,500,000,000
Real estate assets managed	$130,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	80
Types of accounts managed	CEFU
No. of portfolio managers	9
Size of research staff	3

Beutel Goodman's approximate mix for tax-exempt assets as of March 31 was 58% Canadian and U.S. stocks, 28% bonds, 10% cash, 2% equity real estate and 2% venture capital.

The firm has equity, fixed-income, balanced and real estate capabilities.

It uses an equity philosophy based on sector rotation and Graham & Dodd. It uses a contrarian and value-oriented approach that seeks to accumulate deeply undervalued equities that are at a discount to intrinsic value at a low multiple of earnings.

The fixed-income approach is one of interest-rate anticipation. There is an emphasis on liquidity, quality and income stream.

Total returns are augmented through active management that exploits both anomalies in yield curve relationships and deviations from the expected trend in rates.

The firm has 24 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Abbott Laboratories, Caterpillar of Canada, GTE and Inco.

Austin C. Beutel is the chief investment officer; David A. Williams is the client contact.

Black, Galper & Heessels
Suite 1010, 2 First Canadian Place, P.O. Box 413, Toronto, Ontario M5X 1E3; (416) 869-0163

Total assets managed	$1,290,000,000
Tax-exempt assets managed:	
Total	$1,246,000,000
Fully discretionary	$1,246,000,000
Minimum separate account	$20,000,000
Tax-exempt clients	41
Types of accounts managed	CEFGU
No. of portfolio managers	6

The approximate mix for tax-exempt assets managed by Black, Galper & Heessels Ltd. was 29% Canadian stocks and 71% cash as of March 31.

The firm has equity, fixed-income, money market and balanced capabilities.

It uses an equity approach based on sector rotation and market timing.

Its fixed-income approach is based on interest-rate anticipation.

The firm has six clients that are pension funds of subsidiaries of U.S. firms.

Paul F. Black, president, is chief executive officer and client contact.

Bolton, Tremblay Inc.
Suite 800, 1100 University St., Montreal, Quebec H3B 4K5; (514) 875-7150

Total assets managed	$1,800,000,000
Tax-exempt assets managed:	
Total	$1,200,000,000
Fully discretionary	$600,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	115
Types of accounts managed	CEFGU
No. of portfolio managers	14

As of March 31, Bolton, Tremblay had an approximate mix for tax-exempt assets of 35% Canadian stocks, 50% bonds, 5% cash and 10% U.S. stocks.

The firm is a balanced manager, but offers a range of specialty management services. It uses a team-specialist approach to investment management.

Equity management emphasizes value-oriented stock selection. Its fixed-income approach is based on interest-rate anticipation, duration management, sector analysis and swaps, with emphasis on quality and liquidity.

Clients include Amoco, Bristol-Myers, University of Western Ontario and the city of Winnipeg.

Ian T. Scott, president, is chief investment officer and client contact.

c

Canada Life Assurance Co.
330 University Ave., Toronto, Ontario M5G 1R8; (416) 597-1456

Total assets managed	$1,400,000,000
Tax-exempt assets managed:	
Total	$895,000,000
Fully discretionary	$895,000,000
Real estate assets managed	$122,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	119
Types of accounts managed	CGU
No. of portfolio managers	4
Size of research staff	4

As of March 31, the tax-exempt asset mix managed by Canada Life Assurance was 39% Canadian stocks, 26% bonds, 12.5% cash, 10% equity real estate, 7.5% mortgages and 5% U.S. stocks.

The equity approach of the balanced manager is two-tiered, with a portion of the portfolio invested in the largest-capitalization, most widely followed stocks. The remainder (up to 50%) is invested in smaller and medium-sized companies. It follows growth stock, emerging growth, low P/E and Graham & Dodd approaches.

For fixed-income investment, the firm identifies the most attractive market sectors and purchases current-coupon liquid bonds for trading purposes in making interest-rate calls. It will do spread trades, hit sinking fund bids and trade between markets.

The firm has 10 clients that are pension funds of subsidiaries of U.S. firms.

R.D. Redford, senior vice president, is the chief investment officer; W.T. "Taylor" Echlin, superintendent of group pension investment services, is the client contact.

Canada Permanent Trust Co.
320 Bay St., Toronto, Ontario M5H 2P6; (416) 361-8271

Total assets managed	$3,300,000,000
Tax-exempt assets managed:	
Total	$685,000,000
Fully discretionary	$665,000,000
Real estate assets managed	$78,000,000
Minimum separate account	0
Tax-exempt clients	152
Types of accounts managed	CEFGU
No. of portfolio managers	7

The approximate mix for tax-exempt assets under management by Canada Permanent Trust as of March 31 was 34.2% Canadian stocks, 25.6% bonds, 16.3% cash, 13.5% mortgages and 10.4% foreign equity.

For equity investment, the firm's approach includes growth stock, low P/E, sector rotation, Graham & Dodd, modern portfolio theory and market timing. Operated on a team approach, its equity concentration is in fewer than 35 situations with above-average return prospects, given defined risk and liquidity markets.

The balanced manager's fixed-income approach is based on interest-rate anticipation and sector analysis. Strategy corresponds to quality and liquidity considerations while taking an active approach to aberrations in the yield curve for Canadian and international markets.

Earl Bederman, vice president and chief economist, is the chief investment officer; John A. Boyd, manager-client investment services, is the client contact.

Canada Trust-Investment Division
110 Yonge St., Toronto, Ontario M5C 1T4; (416) 869-6320

Total assets managed	$2,412,000,000
Tax-exempt assets managed:	
Total	$2,412,000,000
Fully discretionary	$2,412,000,000
Real estate assets managed	$407,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	83
Types of accounts managed	CFU
No. of portfolio managers	8
Size of research staff	4

The approximate mix for tax-exempt assets managed by the Canada Trust-Investment Division was 40% Canadian stocks, 45% bonds, 10% cash and 5% mortgages as of March 31.

The equity approach of the balanced manager emphasizes industry over/underweighting, with extensive use of external research for securities selection. Heritage Economics, Boston Co. and H.C. Wainwright economic forecasts are used to anticipate market trends.

For superior returns on fixed income, the firm aggressively uses high-grade government bonds structured to a given maturity for maximum effect from its interest-rate projections. Computer simulations are employed extensively.

The firm has 18 clients that are pension fund subsidiaries of U.S. firms.

Clients include Air Canada, HFC, University of Manitoba and BC Telephone.

W.J. Blowers, vice president-trust investments, is the chief investment officer and the client contact.

Canagex Placements Ltd.
Suite 600, 625 Dorchester Blvd. W., Montreal, Quebec H3B 1R2; (514) 879-9272

Total assets managed	$1,130,000,000
Tax-exempt assets managed:	
Total	$613,000,000
Fully discretionary	$613,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	32
Types of accounts managed	CEFGU
No. of portfolio managers	7

The approximate mix of tax-exempt assets under management by Canagex Placements as of March 31 was 25% Canadian stocks, 50% bonds, 15% cash and 10% U.S. stocks.

The balanced manager has options capabilities.

Its equity approach incorporates sector rotation and Graham & Dodd. For fixed income, the firm uses interest-rate anticipation and sector analysis.

Canagex Placements has one client that is a pension fund of a subsidiary of a U.S. firm.

President Claude Lemire is the chief investment officer and the client contact.

Central Trust
5151 Terminal Road, Halifax, Nova Scotia B3J 3C8; (902) 425-7390

Total assets managed	$3,800,000,000
Tax-exempt assets managed:	
Total	$291,000,000
Fully discretionary	$100,000,000
Real estate assets managed	$100,000,000
Minimum separate account	$100,000
Tax-exempt clients	28
Types of accounts managed	C
No. of portfolio managers	8

As of March 31, Central Trust had a tax-exempt asset mix of 40% Canadian stocks, 30% bonds, 10% cash, 10% mortgages and 10% U.S. stocks.

Its equity approach is based on book value, yield and growth potential.

The balanced manager's fixed-income approach is based on interest-rate anticipation and sector analysis.

R.B. Blight, assistant vice president-trust investments, is the chief financial officer and the client contact.

Cockfield Cooper Cunningham Investment Counsel Inc.
Suite 205, 20 Victoria St., Toronto, Ontario M5C 2NB; (416) 366-2253

Total assets managed	$260,000,000
Tax-exempt assets managed:	
Total	$247,000,000
Fully discretionary	$247,000,000
Real estate assets managed	$25,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	18
Types of accounts managed	CEFU
No. of portfolio managers	4

Cockfield Cooper Cunningham had an approximate mix for tax-exempt assets of 50% Canadian stocks, 25% bonds, 10% cash, 10% mortgages and 5% U.S. stocks as of March 31.

The firm has equity, fixed-income, balanced and mortgage capabilities.

Its aggressive equity approach is based on growth stock, industry rotation and market timing.

Interest-rate anticipation is the basis for its fixed-income approach. Concentrating on Canadian bonds for liquidity and trading purposes, bond money is managed actively.

The firm has two clients that are pension funds of subsidiaries of U.S. firms.

David Cockfield, president, is the chief investment officer; Andrew T. Griffith is the client contact.

Confed Investment Counselling Ltd.
321 Bloor St. E., Toronto, Ontario M4W 1H1; (416) 967-8056

Total assets managed	$1,819,000,000
Tax-exempt assets managed:	
Total	$1,819,000,000
Fully discretionary	$1,819,000,000
Real estate assets managed	$39,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	380
Types of accounts managed	CU
No. of portfolio managers	6

The approximate mix for tax-exempt assets managed by Confed Investment Counselling was 30% Canadian stocks, 43% bonds, 10% cash, 5% equity real estate and 12% U.S. stocks as of March 31.

The balanced manager, a subsidiary of Confederation Life Insurance

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(416) 862-9800

Co., concentrates on shares of companies with high-sustainable return on equity produced by asset turnover and margins, employing Graham & Dodd in its equity strategy.

Interest-rate anticipation and trading are the cornerstones of the firm's fixed-income approach.

A.F. Hamblin, president, is the chief investment officer; F.G. Ryan, assistant vice president-group pension marketing, is the client contact at (416) 967-8229.

Connor, Clark & Lunn Investment Management

Box 49296, Suite 764, 4 Bentall Centre, 1055 Dunsmuir St., Vancouver, B.C. V7X 1L3 (604) 669-3512

Total assets managed	$200,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Fully discretionary	$130,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	20
Types of accounts managed	CFU
No. of portfolio managers	5
Size of research staff	1

As of March 31, Connor, Clark & Lunn's approximate mix for tax-exempt assets was 38% Canadian stocks, 10% bonds, 40% cash, 2% mortgages and 10% U.S. stocks as of March 31.

The balanced manager categorizes equities in two areas: core stocks (medium capitalizations), which are identified through a concept approach and financial screens; and non-core positions, for which a top-down approach using sector rotation and option premium analysis is applied.

Yield-enhancement techniques stemming from extensive yield-curve and risk analysis provide for above-average fixed-income returns. Capital preservation is the underlying strategy that also encompasses some interest-rate timing.

The firm has four clients that are pension funds of subsidiaries of U.S. firms.

Larry R. Lunn, president and managing director, is the chief investment officer; Gordon H. MacDougall, vice president and director, is the client contact.

d

The Dominion Life Assurance Co.

111 Westmount Road S., Waterloo, Ontario N2J 4C6; (519) 888-5314

Total assets managed	$1,350,000,000
Tax-exempt assets managed:	
Total	$185,000,000
Fully discretionary	$26,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	39
Types of accounts managed	C
No. of portfolio managers	4

Dominion Life Assurance's approximate mix of tax-exempt assets under management as of March 31 was 87.1% Canadian stocks, 6.3% bonds and 6.6% mortgages.

For equity management, it emphasizes stock picking, market timing (through exposure to or de-emphasis of betas). Graham & Dodd also is used.

The balanced manager's fixed-income approach stresses high quality and marketability, adjusting term to maturity depending on market outlook. Relying on interest-rate anticipation and sector analysis, it maintains 30% midterm exposure at all times.

Dominion Life has a number of clients that are pension funds of subsidiaries of U.S. firms.

Walter A. Keyser, vice president-investments, is the chief financial officer, and Ken E. Rae, director, investments-segregated funds, is the client contact.

Real estate investment managers will be profiled and ranked in Pensions & Investment Age's annual directory Sept. 3.

e

Elliott & Page Ltd.

Suite 1120, 120 Adelaide St. W., Toronto, Ontario M5H 1V1; (416) 365-8300

Total assets managed	$2,315,000,000
Tax-exempt assets managed:	
Total	$354,000,000
Fully discretionary	$354,000,000
Real estate assets managed	$30,000,000
Minimum separate account	$500,000
Tax-exempt clients	31
Types of accounts managed	CEFU
No. of portfolio managers	8
Size of research staff	11

Elliott & Page's approximate mix for tax-exempt assets was 40% Canadian stocks, 40% bonds, 10% cash and 10% U.S. stocks as of March 31.

The balanced manager's equity management places varying degrees of emphasis on a combination of market timing, group/sector rotation, security selection and purchase/sale timing.

Its fixed-income strategy places a 70% degree of emphasis on maturity management with quality/credit management and arbitrage also used.

The firm has two clients that are pension funds of subsidiaries of U.S. firms.

President David Scott is the chief investment officer.

European & Pacific Investment Management

Suite 620, 1100 Melville St., Vancouver, British Columbia V6E 4A6; (604) 687-7306

Total assets managed	$150,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$140,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	46
Types of accounts managed	CEF
No. of portfolio managers	7
Size of research staff	20

European & Pacific Investment Management had an approximate mix of tax-exempt assets of 89.8% stocks, 7.7% bonds and 2.5% cash as of March 31.

All the assets are non-North American.

European & Pacific delegates investment management to Robert Fleming, London, and Jardine Fleming, Hong Kong.

Both employ a fundamentalist equity approach based on growth stock and Graham & Dodd in selecting national markets and stocks within each market through a worldwide network of research offices.

Its fixed-income approach focuses on interest-rate anticipation and currency.

The firm has seven clients that are the pension funds of subsidiaries of U.S. firms.

Clients include Air Canada, Royal Bank, Standard Life and George Weston.

President Brien D. Gillespie is the chief investment officer and the client contact.

f

Fiscal Consultants (1982)

Suite 905, 1075 Bay St., Toronto, Ontario M5S 2B1; (416) 960-8225

Total assets managed	$250,000,000
Tax-exempt assets managed:	
Total	$200,000,000
Fully discretionary	$200,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	14
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	1

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(514) 866-3277

The approximate mix of tax-exempt assets managed by Fiscal Consultants (1982) Ltd. as of March 31 was 31% Canadian stocks, 32% bonds, 32% cash and 5% U.S. stocks.

The firm has balanced and oil and gas direct investment capabilities.

For equity investments, its approach includes low P/E, Graham & Dodd and market timing. It is top-down and value-oriented, emphasizing asset mix, industry selection and active use of cash reserves. Capital preservation also is emphasized.

Its bond investment approach is based on interest-rate anticipation. It is active management with computer-sourced spread data used extensively to trade between markets and maturities.

The firm has one client that is a pension fund of a U.S. subsidiary.

L.N. Watt, president, is the chief investment officer; Huntly Christie, vice president, is the client contact.

Foyston, Gordon & Payne

Suite 1201, 10 King St. E., Toronto, Ontario M5C 1C3; (416) 362-4725

Total assets managed	$92,000,000
Tax-exempt assets managed:	
Total	$72,000,000
Fully discretionary	$72,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	12
Types of accounts managed	CF
No. of portfolio managers	3

The approximate mix of tax-exempt assets under management of Foyston, Gordon & Payne Inc. was 34% Canadian stocks, 45% bonds, 12% cash and 9% U.S. stocks as of March 31.

The firm's stock selection is primarily bottom-up, using an in-house screening process that concentrates on company fundamentals.

For fixed-income management, the balanced manager concentrates on government securities augmented with some high-quality corporate issues. It uses interest-rate anticipation.

The firm has three clients that are pension funds of subsidiaries of U.S. firms.

Clients include Uniroyal Ltd., A.E. LePage Ltd. and K mart Canada Ltd.

Peter G. Gordon, president, is the chief investment officer and the client contact.

g

The Great-West Life Assurance Co.

100 Osborne St. N., Winnipeg, Manitoba R3C 3A5; (204) 946-1190

Total assets managed	$8,200,000,000
Tax-exempt assets managed:	
Total	$4,900,000,000
Fully discretionary	$945,000,000
Real estate assets managed	$615,000,000
Minimum separate account	$3,500,000
Tax-exempt clients	241
Types of accounts managed	CGU
No. of portfolio managers	15
Size of research staff	60

The approximate mix of Great-West Life Assurance's tax-exempt assets under management as of March 31 was 30% Canadian stocks, 10% bonds, 10% cash, 10% equity real estate, 30% mortgages and 10% U.S. stocks.

Great-West uses a passive/active strategy for common stock management. The indexed core provides diversification and superior returns and efficiently implements the important timing decision. An aggressively managed U.S. fund complements the indexed core by investing in the half of the Standard & Poor's 500 index not available in Canada.

The fixed-income approach is based on interest-rate anticipation and invests the majority of the exposure in a pooled commercial and industrial mortgage fund. Capital appreciation is captured with an actively traded bond fund that has the ability to vary term quickly.

The firm has 15 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Colgate-Palmolive of Canada, Union Gas and Canadian Newspapers.

M.G. Smith, executive vice president-investments, is the chief investment officer; Gary N. Coopland, vice president-pension investments, is the client contact.

Gryphon Investment Counsel Inc.

Suite 710, 2000 Peel St., Montreal, Quebec H3A 2W5; (514) 288-4122

Total assets managed	$523,000,000
Tax-exempt assets managed:	
Total	$163,000,000
Fully discretionary	$163,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	9
Types of accounts managed	CEFU
No. of portfolio managers	6
Size of research staff	2

Gryphon's approximate mix for tax-exempt assets was 66% Canadian stocks, 29% bonds and 5% cash.

The firm predominantly is a balanced manager, with specialist funds in equities and fixed income.

Sector rotation, market timing and fundamental analysis are used in the equity approach. Stock selection within sectors is dependent on in-house research.

Its fixed-income approach is based on interest-rate anticipation and sector analysis. Emphasis is on active interest-rate timing, with goals of preservation and enhancement of capital to maximize total return. Concentration is in high-quality bonds, and cash when appropriate.

The firm has two clients that are pension funds of subsidiaries of U.S. firms.

George B. Kiddell, president, is the chief investment officer.

Guaranty Trust Co. of Canada

366 Bay St., Toronto, Ontario M5H 2W5; (416) 863-5227

Total assets managed	$729,000,000
Tax-exempt assets managed:	
Total	$729,000,000
Fully discretionary	$729,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	182
Types of accounts managed	CEFGU
No. of portfolio managers	5

Guaranty Trust Co. of Canada had an approximate mix for tax-exempt assets of 35% Canadian stocks, 33% bonds, 10% cash, 12% mortgages and 10% U.S. stocks as of March 31.

Guaranty Trust employs a disciplined approach to equity management, always stressing long-term values. It emphasizes sound security selection and diversification within industries and companies.

For fixed-income management, the company emphasizes medium-term maturity schedules, extendible and retractable options and high coupon income. Holdings are spread among Canadian, provincial and corporate bonds with a minimum of an A rating.

The firm has 43 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Joseph E. Seagram & Sons Ltd., H.J. Heinz Co., Champion Spark Plug Co. of Canada and Canadian Gypsum Co.

Peter A. Spark, vice president-investments, is the chief investment officer; D. Wannamaker, vice president-pension services, is the client contact.

Guardian Capital Investment Counsel Ltd.

Suite 500, 48 Yonge St., Toronto, Ontario M5E 1H3; (416) 364-8341

Total assets managed	$957,000,000
Tax-exempt assets managed:	
Total	$881,000,000
Fully discretionary	$881,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	39
Types of accounts managed	CEFU
No. of portfolio managers	9

As of March 31, Guardian Capital had an approximate tax-exempt asset mix of 43% Canadian stocks, 24% bonds, 13% cash, 10% mortgages and 10% U.S. and international stocks.

The firm has equity, fixed-income and balanced capabilities.

Its equity approach includes growth stock, emerging growth, low P/E, sector rotation, Graham & Dodd and market timing.

The fixed-income approach is based on interest-rate anticipation and emphasizes quality and liquidity. The firm's performance depends on the average term of portfolio and cash component.

The firm has 10 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Boise Cascade, GTE, Ford of Canada and Sperry.

Gurston I. Rosenfeld, president, is the chief investment officer; Bernice Wade, vice president, is the client contact.

h

Hodgson Roberton Laing Ltd.

Suite 500, 199 Bay St., Toronto, Ontario M5J 1L4; (416) 869-3320

Total assets managed	$760,000,000
Tax-exempt assets managed:	
Total	$270,000,000
Fully discretionary	$270,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	18
Types of accounts managed	CEF
No. of portfolio managers	6

As of March 31, Hodgson Roberton Laing's approximate mix for tax-exempt assets was 40% Canadian stocks, 45% bonds, 5% cash and 10% U.S. stocks.

The balanced manager employs a modified top-down equity approach, with industry mix and security selection being the key elements.

The firm uses interest-rate anticipation for its fixed-income portfolios, with actively managed maturity and credit schedules.

The firm has two clients that are pension funds of subsidiaries of U.S. firms.

J. Warren Laing, president, is the chief investment officer; Terry C. Buddin, vice president, is the client contact.

Horgan Investment Counsel

Suite 1108, 101 Richmond St. W., Toronto, Ontario M5H 1T1; (416) 362-7907

Total assets managed	$35,000,000
Tax-exempt assets managed:	
Total	$5,000,000
Fully discretionary	$5,000,000
Real estate assets managed	$150,000
Minimum separate account	$1,000,000
Tax-exempt clients	2
Types of accounts managed	CU
No. of portfolio managers	1

As of March 31, Horgan Investment Counsel's tax-exempt asset mix was 19% Canadian stocks, 55% bonds, 10% cash, 3% mortgages, 13% U.S. stocks.

The firm has equity and balanced capabilities.

Its equity approach includes growth stock, low P/E, sector rotation, Graham & Dodd and market timing. The firm emphasizes growth stock and fundamentals, using a top-down, balanced approach that looks outside of Canada. It has a strong U.S. capability. The firm anticipates major shifts, concentrating on asset mix and avoiding overdiversification.

For fixed-income investment, the firm uses interest-rate anticipation. It maintains quality by predicting major rate changes, and uses some trading.

Patrick Horgan, president, is the chief investment officer and client contact.

Hughes, King and Co. Ltd.

Suite 1808, 150 York St., Toronto, Ontario M5H 3S5; (416) 863-0687

Total assets managed	$120,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Fully discretionary	$85,000,000
Real estate assets managed	$1,000,000
Minimum separate account	$100,000
Tax-exempt clients	15
Types of accounts managed	CF
No. of portfolio managers	3

As of March 31, Hughes, King's approximate mix of tax-exempt assets was 29% Canadian stocks, 51% bonds, 9% cash, 1% mortgages and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilities.

For equity investment, the firm uses growth stock, emerging growth, low P/E and market timing. It takes a top-down approach, and is partial to growth stock. The firm tries to take advantage of major market swings.

The fixed-income approach relies on interest rate anticipation. The firm assesses the interest rate outlook along with other relevant fundamental and technical factors. It tries to match returns, largely by adjusting the average term of the portfolio. As with stocks, it emphasizes quality and active management.

The firm has one client that is a pension fund of a subsidiary of a U.S. firm.

C.W. King, president, is the chief investment officer. The client contacts are Mr. King, G.C. Noble, executive vice president, and R.S. Stuart, vice president.

i

The Imperial Life Assurance Co. of Canada

95 St. Clair Ave. W., Toronto, Ontario M4V 1N7; (416) 926-2600

Total assets managed	$2,324,000,000
Tax-exempt assets managed:	
Total	$510,000,000
Fully discretionary	$500,000,000
Real estate assets managed	$119,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	270
Types of accounts managed	CU
No. of portfolio managers	11
Size of research staff	3

Imperial Life managed $510 million in tax-exempt assets as of Jan. 1.

The approximate mix for tax-exempt assets was 35% Canadian stocks, 35% bonds, 10% cash, 15% mortgages and 5% U.S. stocks.

For equity investment, the balanced manager's approach is based on growth stock and market timing. It features a top-down approach to market sectors and fundamental analysis of individual securities, emphasizing sectors and securities that show the greatest potential for growth.

The fixed-income approach is based on interest-rate anticipation and includes an active bond management style based on interest-rate and yield-spread analyses.

It emphasizes highly liquid, high-quality government issues, selected corporates, cash and short-term vehicles.

Clients include Brewer's Warehouse, Hatch Associates and Interprovincial Steel & Pipe.

J.B. Purdy, senior vice president-investments, is the chief investment officer; Ralph D. Martin, marketing representative-segregated funds, is the client contact at (416) 926-2662.

Investors Group Trust Co.

280 Broadway, Winnipeg, Manitoba R3C 3B6; (204) 943-0361

Total assets managed	$3,900,000,000
Tax-exempt assets managed:	
Total	$388,000,000
Fully discretionary	$388,000,000
Real estate assets managed	$1,408,000,000
Minimum separate account	0
Tax-exempt clients	380
Types of accounts managed	CGU
No. of portfolio managers	9
Size of research staff	4

Its equity approach includes growth stock, low P/E, sector rotation, Graham and Dodd and market timing. The firm uses a conservative stock selection process emphasizing industry sector rotation and liquidity factors to maximize capital appreciation potential without assuming undue risk.

The fixed-income approach includes interest-rate anticipation, sector analysis, spread trading and sinking fund corporation foreign-pay bonds.

It blends an actively traded, high-quality bond portfolio with mortgages, altering the ratio depending on interest-rate spreads and the state of the economic cycle.

P.E. Newman, senior vice president-investments, is the chief investment officer; D.M. Smith is the client contact.

Investment management consultant profiles will be listed in the Aug. 6 issue.

Knight, Bain, Seath & Holbrook
Capital Management Inc.
Investment Counsel

8 King Street East, Suite 1500,
Toronto, Canada M5C 1B5
416/863/1433

j

Jarislowsky, Fraser & Co. Ltd. Investment Counsel

Suite 1501, 65 Queen St. W., Toronto, Ontario M5H 2M5; (416) 363-7417

Total assets managed	$2,200,000,000
Tax-exempt assets managed:	
Total	$2,000,000,000
Fully discretionary	$2,000,000,000
Real estate assets managed	$30,000,000
Minimum separate account	$500,000
Tax-exempt clients	75
Types of accounts managed	CEFU
No. of portfolio managers	7
Size of research staff	5

The approximate mix of tax-exempt assets managed by Jarislowsky, Fraser as of March 31 was 35% Canadian stocks, 43% bonds, 7% cash, 2% mortgages and 13% U.S. stocks.

The firm offers equity, fixed-income and balanced capabilities.

Its equity approach, which includes Graham & Dodd, modern portfolio theory and market timing, is fundamentalist. The firm conducts its own research and follows a strict adherence to its investment model and proven methodology.

The fixed-income approach is based on economic analysis of interest rate trends and an application of the criteria of safety of principal, the average term and optimization of yield.

The firm has 15 clients that are pension funds of subsidiaries of U.S. firms.

Clients include McGill University, Reader's Digest, Abitibi-Price and BP Canada.

Stephen A. Jarislowsky, president, is chief investment officer; Lorne T. Wickerson, partner, is client contact.

JRF Financial Consultants

Suite 803, 56 Sparks St., Ottawa, Ontario K1P 5A9; (613) 236-7361

Total assets managed	$378,000,000
Tax-exempt assets managed:	
Total	$378,000,000
Real estate assets managed	$134,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	7
Types of accounts managed	CEF
No. of portfolio managers	2
Size of research staff	2

As of March 31, JRF Financial Consultants had a tax-exempt asset mix of 37.1% Canadian stocks, 17.8% bonds, 1% cash, 9.8% equity real estate, 25.8% mortgages, 7.1% U.S. stocks, 1.1% direct investments in oil and gas, 0.2% venture capital and 0.1% Japanese stocks.

Companies with superior management dominate the firm's equity selection. Using growth stock, emerging growth and Graham & Dodd, it focuses on companies with the best prospects for long-term growth in earnings and dividends.

JRF Financial purchases fixed-income assets to maximize income during the long term, while maintaining safety of principal. These may be sold when reinvested proceeds can produce higher cash flow or recover losses (if any).

Clients include C.M.H.C. Pension Fund, Japanese Studies Trust Fund, Canadian 4-H Foundation and Board of Trade Pension Fund.

John R. Ferguson, president, is the chief investment officer; Kevin Charlebois, vice president, is the client contact.

k

Kingwest & Co.

Suite 7245, 1 First Canadian Place, Toronto, Ontario M5X 1A4; (416) 364-1503

Total assets managed	$135,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Fully discretionary	$100,000,000
Real estate assets managed	$5,000,000
Minimum separate account	$500,000
Tax-exempt clients	10
Types of accounts managed	CFU
No. of portfolio managers	3
Size of research staff	2

The approximate mix of Kingwest's tax-exempt assets was 30% Canadian stock, 25% bonds, 30% cash, 5% mortgages and 10% U.S. stocks as of March 31.

The equity approach of the balanced manager includes emerging growth and market timing.

Its fixed-income strategy emphasizes interest-rate anticipation.

The firm has eight clients that are pension funds of subsidiaries of U.S. firms.

Clients include McMaster Hospital Foundation, Indal Ltd., the IBEW and the Elevators Operators Union.

Peter A. Dennis, managing director, is the chief investment officer and the client contact.

Knight, Bain, Seath & Holbrook Capital Management

Suite 1500, 8 King St. E., Toronto, Ontario M5C 1B5; (416) 863-1433

Total assets managed	$620,000,000
Tax-exempt assets managed:	
Total	$620,000,000
Fully discretionary	$620,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	28
Types of accounts managed	CFU
No. of portfolio managers	4

Knight, Bain, Seath & Holbrook had an approximate mix of tax-exempt assets of 35% Canadian stocks, 40% bonds, 10% cash and 15% U.S. stocks as of March 31.

For equity investment, a disciplined, fundamental approach is followed to select stocks, using financial criteria to screen for value, as represented both by earnings potential and underlying assets.

Active management, using high-grade marketable issues, is the basis for the fixed-income approach. Major changes in average term are made in anticipation of interest-rate moves.

The firm has five clients that are pension funds of subsidiaries of U.S. firms.

Clients include Northern Telecom, Coca-Cola, TransCanada PipeLines and Procter & Gamble.

The principals are the chief investment officers. Herbert N. Seath and David Knight are the client contacts.

l

Laketon Investment Management

P.O. Box 31, Suite 1830, Royal Bank Plaza, North Tower, Toronto, Ontario M5J 2J1; (416) 868-1380

Total assets managed	$400,000,000
Tax-exempt assets managed:	
Total	$350,000,000
Fully discretionary	$350,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	12
Types of accounts managed	CFU
No. of portfolio managers	5

Laketon Investment Management firm has equity, fixed-income and balanced capabilities.

For equity investment, the firm emphasizes sector rotation and market timing. A top-down approach is used to identify specific industry groups. Stock selection is confined to high-quality, readily marketable vehicles. The timing is assisted by technical analysis.

The fixed-income approach uses interest-rate anticipation and relative-value trades. Bond portfolios are managed actively on a day-to-day basis to effect relative value trades. For the longer term, maturity schedules are adjusted to reflect the outlook for interest-rate trends. Duration analysis is emphasized in fixed-income investment decisions and immunization strategies.

The firm has one client that is a pension fund of a subsidiary of a U.S. firm.

Clients include Cominco, city of Edmonton, Gulf Canada and Canadian Allied Wholesale & Retail Union.

Alden S. White, managing partner, is the chief investment officer and the client contact.

Lank Roberton Macaulay

Suite 775, 1801 McGill College Ave., Montreal, Quebec H3A 2N4; (514) 288-8136

Total assets managed	$230,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Real estate assets managed	$5,000,000
Minimum separate account	$250,000
Tax-exempt clients	15
Types of accounts managed	CEF
No. of portfolio managers	6
Size of research staff	4

The approximate mix for tax-exempt assets managed by Lank Roberton Macaulay as of March 31 was 35% Canadian stocks, 40% bonds, 10% cash, 5% mortgages and 10% U.S. stocks.

The balanced manager emphasizes equities. Its equity portfolios have a minimum of 60% senior-growth, low-multiple stocks and 10% to 15% emerging-growth with relatively low multiples. The balance of equities are cyclical and special situations, which are bought to be sold.

The firm emphasizes interest-rate anticipation in its fixed-income approach, where the average term to maturity varies between five and 10 years. Its maturity pattern is distributed evenly to maximize cash flow and flexibility to react to interest-rate changes.

The firm has one client that is a pension fund of a subsidiary of a U.S. firm.

J. Sebastian Van Berkom is the client contact.

Lehndorff Management Group

360 Bay St., Toronto, Ontario M5H 2V6; (416) 869-7800

Total assets managed	$665,000,000
Tax-exempt assets managed:	
Total	$65,000,000
Fully discretionary	0
Real estate assets managed	$65,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	30
Types of accounts managed	CFU

The Lehndorff Management Group manages $65 million in tax-exempt assets, all of which was invested in equity real estate as of March 31.

The firm places emphasis on high-quality, income-producing commercial, industrial and office properties well located in large urban centers.

The real estate manager has two clients that are pension funds of subsidiaries of U.S. firms.

Louis V. Matukas, executive vice president and general manager, is the chief investment officer; David R. Kinnie, vice president, is client contact.

London Life Insurance Co.

255 Dufferin Ave., London, Ontario N6A 4K1; (519) 432-5281

Total assets managed	$5,078,000,000
Tax-exempt assets managed:	
Total	$800,000,000
Fully discretionary	$800,000,000
Real estate assets managed	$160,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	3,400
Types of accounts managed	CU
No. of portfolio managers	4
Size of research staff	2

As of March 31, London Life Insurance had an approximate mix of tax-exempt assets of 35% Canadian stocks, 45% bonds and 20% mortgages.

The firm is a balanced manager.

Its equity approach includes sector rotation, Graham & Dodd and market timing. The firm employs a combination of techniques that entails the blending of top-down strategy with bottom-up fundamental security analysis.

Its fixed-income approach is based on interest-rate anticipation and sector analysis. The firm employs an investment strategy dictated by its liabilities profile, and trades the yield curve and spread between asset classes.

Tom Allan, vice president-investments, is the chief investment officer; Rick Rausch, manager-pension sales, is the client contact.

Loucks, Lee & Associates

Suite 770, 602 12th Ave. S.W., Calgary, Alberta T2R 1J3; (403) 269-4871

Total assets managed	$20,000,000
Tax-exempt assets managed:	
Total	$10,000,000
Fully discretionary	$10,000,000
Tax-exempt clients	4
Types of accounts managed	CF
No. of portfolio managers	1
Size of research staff	1

The approximate mix of tax-exempt assets managed by Loucks, Lee & Associates as of March 31 was 30% Canadian stocks, 35% bonds, 25% cash and 10% U.S. stocks.

The firm is a balanced manager.

Equities selected are tailored to the client's objectives and the times. The firm's emphasis is on absolute returns and risk control.

Its fixed-income approach is active, with emphasis on quality and special features.

The firm has one client that is a pension fund of a subsidiary of a U.S. firm.

T.H. Loucks, president, is the chief investment officer and the client contact.

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Managed Investments Ltd.

900-10117 Jasper Ave., Edmonton, Alberta T5J 1W8; (403) 423-3544

A POT OF GOLD

Its mines at Timmins, Ontario will produce 60,000 ounces this year. Associated Westfield Minerals Limited is expected to produce 5000 ounces in Ontario, while Whim Creek Consolidated N.L. will produce 40,000 ounces in Western Australia.

As well as gold, Northgate plans to produce 26 million pounds of copper and 150,000 ounces of silver in 1984.

Northgate and its associated companies are also actively exploring for base and precious metal deposits in North America, Ireland and Australia.

Northgate – a pot of gold at the end of the rainbow.

NORTHGATE EXPLORATION LIMITED
P.O. Box 143, 1 First Canadian Place
Toronto, Ontario M5X 1C7
Canada

A worldwide reputation, as good as gold.

Total assets managed	$140,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Fully discretionary	$80,000,000
Minimum separate account	$200,000
Tax-exempt clients	13
Types of accounts managed	CEFU
No. of portfolio managers	3

The approximate mix of Managed Investments' tax-exempt assets was 10% Canadian stocks, 45% bonds, 40% cash and 5% U.S. stocks as of March 31.

The balanced manager favors low relative P/E stocks with emphasis on balance-sheet strength. It follows an equal rating strategy on companies believed to offer above-average earnings growth for secular or cyclical reasons. Its equity approach also relies on Graham & Dodd and MPT strategies.

The fixed-income strategy of the portfolio manager, based on interest-rate anticipation, seeks bonds that should reduce portfolio volatility and enhance total return. The firm expects the current high budget deficit environment to persist for the foreseeable future; this excess credit demand dictates defensive emphasis on short maturities.

R. Bruce Sansom, president, is the chief investment officer and the client contact.

The Manufacturers Life Insurance Co.

200 Bloor St. E., Toronto, Ontario M4W 1E5; (416) 928-6467

Total assets managed	$9,744,000,000
Tax-exempt assets managed:	
Total	$1,234,000,000
Fully discretionary	$1,234,000,000
Real estate assets managed	$40,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	265
Types of accounts managed	CEFGU
No. of portfolio managers	9

Manufacturers Life's approximate mix of tax-exempt clients as of March 31 was 21% Canadian stocks, 39% bonds, 32% cash and 8% U.S. stocks.

The balanced manager has real estate capabilities.

Its primary emphasis for equity investment is on market timing. Subsequent to "market decision," a combination fundamental/technical approach is used in sector and individual security selection.

For fixed income, Manufacturers Life primarily relies on interest-rate anticipation based on economic analysis. It has continuous active management, using only the highest-quality, most liquid credits with a view of capital appreciation and preservation.

The firm has 37 clients that are pension funds of subsidiaries of U.S. firms.

Clients include Union Carbide, Ford Motor, Sherbrooke University and Manitoba Health Organizations.

Donald W. Parkinson, vice president-Canadian investments, is the chief investment officer; Mario Richard, regional director, is the client contact.

E.J. McConnell & Associates

Suite 500, 34 Adelaide St. W., Toronto, Ontario M5H 1L6; (416) 366-5871

Total assets managed	$660,000,000
Tax-exempt assets managed:	
Total	$490,000,000
Fully discretionary	$490,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	35
Types of accounts managed	CU
No. of portfolio managers	4
Size of research staff	4

E.J. McConnell & Associates' mix of tax-exempt assets as of March 31 was 36% Canadian stocks, 32% bonds, 29% cash and 3% U.S. stocks.

The firm's equity approach involves low P/E and market timing. It invests in strong balance-sheet situations where good management exists, and will undertake major portfolio shifts.

The balanced manager strives for control over term and liquidity in fixed-income management. It tends to buy short midterm bonds with high after-market liquidity.

E.J. McConnell & Associates has 14 clients that are pension funds of subsidiaries of U.S. firms.

Cedric Rabin, executive vice president, is the chief investment officer; E.J. McConnell, president, is the client contact.

McLean Budden Ltd.

Suite 1000, 360 Bay St., Toronto, Ontario M5H 2V6; (416) 862-9800

Total assets managed	$1,149,000,000
Tax-exempt assets managed:	
Total	$904,000,000
Fully discretionary	$830,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	50
Types of accounts managed	CEFU
No. of portfolio managers	11

As of March 31, the approximate mix for tax-exempt assets managed by McLean Budden Ltd. was 33% Canadian stocks, 36% bonds, 21% cash, 3% mortgages and 7% U.S. stocks.

The equity strategy of the firm stresses long-term fundamentals, with capital appreciation receiving primary emphasis. Short-term trading is de-emphasized in the contrarian approach that emphasizes major market swings. Market timing is viewed as an element in the strategy.

The balanced manager's fixed-income analysis focuses on prospective returns from maturity classes and sector analysis. Bond portfolios are actively managed, trading against major cyclical swings. Term decisions are based on the duration of the bond portfolio.

The firm has nine clients that are pension funds of subsidiaries of U.S. firms: Five are in segregated portfolios and four in a pooled fund.

Rodney Donald, chairman, is the chief investment officer; Wayne D. Beazer, vice president, is the client contact.

Montreal Investment Management Inc.

1130 Sherbrooke St. W., Montreal, Quebec H3A 2S7; (514) 286-4500

Total assets managed	$1,223,000,000
Tax-exempt assets managed:	
Total	$1,052,000,000
Fully discretionary	$1,052,000,000
Real estate assets managed	$40,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	41
Types of accounts managed	CEFGU
No. of portfolio managers	7

As of March 31, the approximate mix of tax-exempt assets managed by Montreal Investment Management was 50% Canadian stocks, 35% bonds, 2% cash, 3% equity real estate, 5% U.S. stocks, 4% international and 1% venture equity.

The firm's equity strategy is based on a core holding of growth stocks supplemented by cyclical stocks and market timing. It also uses passive management and Graham & Dodd theory.

The balanced manager's fixed-income management is 50% passive and 50% based on interest-rate anticipation.

Its core holding of corporate retractable high grades is supplemented with longs or shorts and international currency.

Montreal Investment Management has seven clients that are pension funds of subsidiaries of U.S. firms.

Carl Otto, chairman, is the chief investment officer.

Michael Burpee, director, is the client contact.

Montreal Trust Co. of Canada

1 Place Ville Marie, Montreal, Quebec H3B 4A8; (514) 397-7000

Total assets managed	$2,678,000,000
Tax-exempt assets managed:	
Total	$1,692,000,000
Real estate assets managed	$175,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	145
Types of accounts managed	CEFU
No. of portfolio managers	10
Size of research staff	9

The approximate mix of tax-exempt assets managed by Montreal Trust as of March 31 was 37% Canadian stocks, 33% bonds, 2% cash, 15% mortgages and 13% U.S. stocks and foreign equity.

The balanced manager has equity and fixed-income capabilities.

Its equity approach focuses on Graham & Dodd; interest-rate anticipation is the core of the firm's fixed-income strategy.

The firm has 62 clients that are pension funds of subsidiaries of U.S. firms.

N. Cunningham, senior vice president-investment management division, is the chief investment officer; B.H. Skuffham, assistant vice president-pension investment services, is the client contact.

Morguard Investments Ltd.

6 Crescent Road, Toronto, Ontario M4W 3K9; (416)967-0880

Total assets managed	$3,970,000,000
Tax-exempt assets managed:	
Total	$3,301,000,000
Fully discretionary	$450,000,000
Real estate assets managed	$3,250,000,000
Tax-exempt clients	400
Types of accounts managed	CEFGU
No. of portfolio managers	26
Size of research staff	65

Morguard Investments Ltd. is a fixed-income and real estate manager with oil and gas capabilities.

As of March 31, Morguard Investments' tax-exempt asset mix was 37% Canadian stocks and 63% mortgages.

Clients include Air Canada, Northern Telecom, Shell Canada Limited and C.B.C.

D.D. Weiss, executive vice president-mortgage division, and A.K. Stephens, executive vice president-property division, are the chief investment officers.

H.S. Dougan, senior vice president-business development, mortgage division, and W.A. Houghton, senior vice president-investments, property division, are the client contacts.

Mu-Cana Investment Counselling Ltd.

227 King St. S., Waterloo, Ontario N2J 4C5; (519) 888-2750

Total assets managed	$1,177,000,000
Tax-exempt assets managed:	
Total	$976,000,000
Fully discretionary	$976,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	49
Types of accounts managed	CEFGU
No. of portfolio managers	7

Mu-Cana had $976 million invested for 46 tax-exempt clients as of Jan. 1.

The approximate mix of those assets was 45% Canadian stocks, 45% bonds and 10% U.S. stocks.

The firm is a balanced manager and is comfortable with contrarian strategies.

Mu-Cana Investment Counselling's approach is based on Graham & Dodd and market timing. The firm works top-down and integrates its equity and fixed-income strategies into an overall asset mix. Strong stands are taken on industry weightings and holdings.

For fixed-income management, Mu-Cana rates duration management and quality levels far higher than trading gains, and makes use of private placements, stripped bonds and Canadian-issue U.S. dollar denominations.

The firm has nine clients that are pension funds of subsidiaries of U.S. firms.

Clients include Gates Canada, Joy Manufacturing, General Foods and Pillsbury.

H.E. Brough, senior vice president-investment operations, is the chief investment officer. David M. Paleczny, senior vice president-marketing and administration, is the client contact at (519) 888-2465.

Mutual Life of Canada

227 King St. S., Waterloo, Ontario N2J 4C5; (519) 888-2476

Total assets managed	$5,100,000,000
Tax-exempt assets managed:	
Total	$800,000,000
Fully discretionary	$598,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1,100
Types of accounts managed	CGU
No. of portfolio managers	10
Size of research staff	7

Tax-exempt assets at Mutual Life totaled $800 million as of Jan 1.

The approximate mix of tax-exempt assets was 40% Canadian stocks, 43% bonds, 2% cash, 5% mortgages and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilities.

Its approach is based on Graham & Dodd and market timing. A top-down approach is followed beginning with asset mix, exposure to Canadian and U.S. markets and emphasis on industries that will benefit from the firm's economic and market outlook.

Its fixed-income approach emphasizes interest-rate anticipation. It has a conservatively managed, actively traded pooled fund, an aggressively managed fund and tailored separate accounts.

Approximately 50 of the firm's clients are pension funds of subsidiaries of U.S. firms.

Clients include Alberta Natural Gas, Bendix, Honda and Levi Strauss.

Duncan R. Winhold, senior vice president, is the chief investment officer; Ellery E. Thorsteinson, manager-pension investments, is the client contact.

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National Life Assurance Co. of Canada

522 University Ave., Toronto, Ontario M5G 1Y7; (416) 598-2122

Total assets managed	$830,000,000
Tax-exempt assets managed:	
Total	$140,000,000
Fully discretionary	$120,000,000
Real estate assets managed	$7,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	18
Types of accounts managed	C
No. of portfolio managers	3

As of March 31, the approximate mix of tax-exempt assets managed by National Life Assurance of Canada was 25% Canadian stocks, 50% bonds, 10% cash, 5% mortgages and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilites.

Its equity approach includes growth stock, low P/E, sector rotation and market timing.

The approach is generalist, selecting undervalued growth securities and using market timing in the purchases. The firm rounds out the Canadian industry positions with selected foreign equities.

Its fixed-income approach is based on interest-rate anticipation and sector analysis.

The firm specializes in active management of portfolios and short- and long-term bonds in order to minimize price volatility while maintaining income, thereby achieving a consistency of rates of return.

The firm has two clients that are the pension funds of subsidiaries of U.S. firms.

T... Dea, vice president and treasurer, is the chief investment officer; Howard Shill, director-pension investment services, is the client contact.

National Trust Co. Ltd.

21 King St. E., Toronto, Ontario M5C 1B3; (416) 364-9141

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$1,200,000,000
Fully discretionary	$950,000,000
Real estate assets managed	$85,000,000
Minimum separate account	$3,000,000
Tax-exempt clients	250
Typesof accounts managed	CFGU
No. ofportfolio managers	9
Size of research staff	4

As of March 31, National Trust had an approximate mix of tax-exempt assets of 40% Canadian stocks, 30% bonds, 10% cash, 10% mortgages and 10% foreign equity.

The firm has fixed-income and specialty capabilities.

Its equity approach emphasizes modern portfolio theory, selecting stocks on individual merit rather than by industry group. National Trust relies heavily on fundamental analysis to establish underlying value and to assess risk.

Its fixed-income approach is based on interest-rate forecasts and expected changes in the yield curve. Coreholdings are short- and medium-term extendibles, while the long-term component is traded aggressively.

More than 100 of the firm's clients are pension funds of subsidiaries of U.S. firms.

E.A. Walker, senior vice president-investments, is the chief investment officer; D.D. Landreville, vice president-employee benefit department, is the client contact.

TAL TIMMINS
& ASSOCIATES LIMITED

Investment Counselors

- Active Asset Mix Managers for CONSISTENT PERFORMANCE
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Robert A. Swan
Vice-President
130 Adelaide St., West,
P.O. Box 1160, "A"
Toronto, Ontario M5W 1G5
(416) 364-5620

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Phillips Hager & North Ltd.

1055 W. Hastings St., Vancouver, British Columbia V6E 2H3; (604) 684-4361

Total assets managed	$2,100,000,000
Tax-exempt assets managed:	
Total	$1,800,000,000
Fully discretionary	$1,800,000,000
Real estate assets managed	$200,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	71
Types of accounts managed	CEU
No. of portfolio managers	5
Size of research staff	4

The approximate mix of tax-exempt assets managed by Phillips Hager & North as of March 31 was 40% Canadian stocks, 30% bonds, 10% cash, 10% mortgages and 10% U.S. stocks.

The firm is a balanced manager.

It emphasizes sector rotation in its equity approach, concentrating on companies with above-average records and superior return on equity. It tends to stress lower P/Es and generally invests for a two- to three-year time horizon.

Its fixed-income approach is based on interest-rate anticipation. The firm attempts to invest for major cyclical changes in interest rates and does not actively trade the bond portfolio.

The firm has 30 clients that are pension funds of subsidiaries of U.S. firms.

R.S. Hager, president, is the chief investment officer and the client contact.

Prudential Assurance Co. Ltd., Pension Fund Management

Suite 203/300,-141 Adelaide St. W., Toronto, Ontario M5H 3L9; (416) 368-8041

Total assets managed	$1,860,000,000
Tax-exempt assets managed:	
Total	$280,000,000
Fully discretionary	$125,000,000
Real estate assets managed	$20,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	160
Types of accounts managed	C
No. of portfolio managers	7

The approximate mix of tax-exempt clients managed by Prudential Assurance as of March 31 was 45% Canadian stocks, 15% bonds, 20% cash, 15% mortgages and 5% U.S. stocks.

The firm is a balanced manager.

Its equity approach is based on Graham & Dodd.

The firm, which concentrates on marketable Canadian stocks, and weights industries against index subgroups, is fundamentalist in selection, and is an active trader. Its U.S. stock portfolio's construction and activity are heavily dependent on quantitative analysis.

Its fixed-income approach is based on interest-rate anticipation. Portfolios are well-diversified, very actively traded, and the average term is aggressively managed, reflecting business and interest-rate expectations.

The firm has 15 clients that are the pension funds of subsidiaries of U.S. firms.

D.W. Parkin, senior vice president, is the chief investment officer; K. Kukkonen, pension sales manager, is the client contact.

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Reed Monahan Nicholishen Investment Counsel

Suite 705, 20 Victoria St., Toronto, Ontario M5C 2N8; (416) 365-0038

Total assets managed	$50,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Fully discretionary	$40,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	70
Types of accounts managed	C
No. of portfolio managers	3

Reed Monahan Nicholishen managed $40 million in tax-exempt assets as of June 30.

Its approximate mix of tax-exempt assets was 40% Canadian stocks, 30% bonds, 20% cash and 10% U.S. stocks.

The balanced manager has real estate capabilities.

Its equity approach includes growth stocks, emerging growth and Graham & Dodd, with analysis of specific industry groups and management interviews of emerging growth companies. Automatic review of holdings is triggered by evaluation screens and price target disciplines.

Its fixed-income assets are managed by shifting portfolio quality and maturity schedules based on anticipated interest rate changes. It is an active approach, using high-grade and marketable issues.

The firm has one client that is a pension fund of a subsidiary of a U.S. company.

Donald F. Reed, president, is chief investment officer and client contact.

Royal Trust

P.O. Box 7500, Station A, Toronto, Ontario M5W 1P9; (416) 867-2403

Total assets managed	$8,364,000,000
Tax-exempt assets managed:	
Total	$4,545,000,000
Fully discretionary	$4,545,000,000
Real estate assets managed	$1,000,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	1,479
Types of accounts managed	CEFGU
No. of portfolio managers	15
Size of research staff	17

Royal Trust's approximate mix of tax-exempt assets as of March 31 was 40% Canadian stocks, 24% bonds, 7% equity real estate, 11% mortgages, 10% U.S. stocks and 8% direct oil and gas.

The balanced manager's equity risk is carefully controlled. With the assistance of in-house research, portfolio managers identify strategies and securities that perform best in the forecast market environment, relying on growth stock, sector rotation and Graham & Dodd.

Fixed-income management focuses on interest-rate anticipation and sector analysis, with extensive in-house quantitative and qualitative research. Mortgages form a substantial part of the debt sector.

The firm has 50 clients that are the pension funds of subsidiaries of U.S. firms.

Clients include Steico, Kodak Canada, IBM Canada and General Motors of Canada.

B. Lee Bentley, vice president-trust investments, is the chief investment officer.

Ruggles & Crysdale Inc.

Postal Station "A", Box 4015, Toronto, Ontario M5W 2J3; (416) 865-0460

Total assets managed	$912,000,000
Tax-exempt assets managed:	
Total	$885,000,000
Fully discretionary	$885,000,000
Real estate assets managed	$10,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	4
Types of accounts managed	CFU
No. of portfolio managers	3
Size of research staff	2

As of March 31, Ruggles & Crysdale had an approximate mix of tax-exempt assets of 50% Canadian stocks, 30% bonds, 4% cash, 1% mortgages and 15% U.S. stocks.

The options specialist has equity, fixed-income and balanced capabilities.

Ruggles & Crysdale uses a dual equity portfolio approach. Between one-third and two-thirds of the holdings will be optionable stocks, and the balance will be growth and emerging growth situations.

The firm also uses a dual approach in fixed-income management. Up to 50% will be in optionable bonds, with the balance in shorter (five-year) A to triple-A government issues.

The firm has 11 clients that are pension funds of subsidiaries of U.S. firms.

Clients include IMASCO Ltd., Chrysler Canada, Gulf Canada and IBM Canada.

Robert T. Ruggles, chairman, is the chief investment officer; Hugh L. Innes, vice president, is the client contact.

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Sceptre Investment Counsel

Suite 802, 40 University Ave., Toronto, Ontario M5J 2G1; (416) 977-6111

Total assets managed	$1,442,000,000
Tax-exempt assets managed:	
Total	$1,231,000,000
Fully discretionary	$1,231,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	52
Types of accounts managed	CFU
No. of portfolio managers	8
Size of research staff	5

Tax-exempt assets at Sceptre Investment toaled $1.4 billion as of Jan. 1.

The approximate asset mix was 40% Canadian stocks, 40% bonds, 5% cash, 5% mortgages and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilities.

Sceptre's equity approach emphasizes sector rotation and Graham & Dodd.

Fixed-income strategies focus on quality extendible issues.

J. Douglas Grant, president, is the chief investment officer; George B. Turnbull, vice president, is the client contact at (416) 977-6118.

The Standard Life Assurance Co.

1245 Sherbrooke St. W., Montreal, Quebec H3G 1G3; (514) 284-6906

Total assets managed	$4,439,000,000
Tax-exempt assets managed:	
Total	$1,943,000,000
Fully discretionary	$1,943,000,000
Real estate assets managed	$107,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	215
Types of accounts managed	CGU
No. of portfolio managers	8
Size of research staff	4

As of March 31, Standard Life Assurance had a tax-exempt asset mix of 52.2% Canadian stocks, 27.5% bonds, 11.4% cash, 1.2% equity real estate, 4.4% mortgages and 3.3% U.S. stocks.

The firm has equity, fixed-income, balanced and real estate capabilities.

Standard Life traditionally has emphasized the long-term value of equities as opposed to other traditional asset classes. Its equity approach focuses on growth stock, emerging growth, sector rotation and Graham & Dodd.

Fixed-income management is based on interest-rate anticipation and sector analysis. Quality and liquidity are stressed, and value added through cyclical and spread trading.

The firm has 29 clients that are pension funds of subsidiaries of U.S. firms.

Roy R. Naudie, senior vice president-finance, is the chief investment officer; Paul de Savoye, vice president-Standard Life Portfolio Management, is the client contact.

Sun Life Assurance Co. of Canada

200 University Ave., Toronto, Canada M5H 3C7; (416) 595-7500

Total assets managed	$11,670,000,000
Tax-exempt assets managed:	
Total	$1,430,000,000
Fully discretionary	$1,430,000,000
Real estate assets managed	$360,000,000
Minimum separate account	$2,000,000
Tax-exempt clients	112
Types of accounts managed	CEGU
No. of portfolio managers	13
Size of research staff	25

The approximate mix of tax-exempt assets managed by Sun Life as of March 31 was 32% Canadian stocks, 31% bonds, 4% cash, 11% equity real estate, 14% mortgages, 7% U.S. stocks and 1% energy fund.

The firm has equity, fixed-income, real estate, mortgage and private-placement bond capabilities, available on a specialty fund basis as well as balanced fund management.

Based on Graham & Dodd, the firm's equity approach is active management, combining capital appreciation with dividend income to maximize the return during each market cycle.

For fixed-income management, the firm's emphasis is on interest-rate anticipation, sector swapping and immunization.

The firm has 30 clients that are pension funds of subsidiaries of U.S. firms.

Clients include AMCA International, Canadian Utilities, Texaco Canada and Trans-Alta Utilities.

Alfred G. Wirth, vice president-securities investments, is the chief investment officer; R. Murray McBride, assistant vice president-pensions, is the client contact at (416) 595-7808.

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Timmins & Associates Ltd.

Suite 2900, 130 Adelaide St. W., Toronto, Ontario M5H 3P5; (416) 364-5620

Total assets managed	$600,000,000
Tax-exempt assets managed:	
Total	$425,000,000
Fully discretionary	$425,000,000
Real estate assets managed	$15,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	35
Types of accounts managed	CEFU

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Larry Avant
Brien Gillespie

No. of portfolio managers 6
Size of research staff 2

As of March 31, Timmins & Associates had an approximate tax-exempt asset mix of 35% Canadian stocks, 40% bonds, 15% cash and 10% U.S. stocks.

The firm has equity, fixed-income and balanced capabilities.

Timmins combines a scenario-driven relative price-earnings model with sector rotation based on economic forecasts to manage a relatively undiversified benchmark equity portfolio.

For fixed income, the firm emphasizes sector management within the bond market more than term-to-maturity management to outperform the market index. Quantitative forecasting and evaluation techniques are used extensively.

The firm has six clients that are the pension funds of subsidiaries of U.S. firms.

Jean-Guy Desjardins, president, in Montreal, is the chief investment officer; Robert Swan, vice president, in Toronto, is the client contact.

Toronto Investment Management Inc.

P.O. Box 75, Royal Bank Plaza, Toronto, Ontario M5J 2J2; (416) 865-0731

Total assets managed	$2,450,000,000
Tax-exempt assets managed:	
Total	$2,026,000,000
Fully discretionary	$2,026,000,000
Real estate assets managed	$25,000,000
Minimum separate account	$5,000,000
Types of accounts managed	CEFGU
No. of portfolio managers	9
Size of research staff	2

The approximate mix of tax-exempt assets managed by Toronto Investment Management as of March 31 was 49% Canadian stocks, 38% bonds, 2% equity real estate, 6% U.S. stocks, 4% non-North American equity and 1% venture capital.

The balanced manager employs emerging growth, Graham & Dodd and market timing in its equity approach. It uses fundamental analysis, with final selections determined by the predicted accuracy record of source.

Its fixed-income approach includes interest-rate anticipation and sector analysis.

Bond portfolios have two parts: a trading portion positioned to take advantage of market changes and the remainder invested to satisfy long-run portfolio goals.

W.J. Smith, president, is the chief investment officer and client contact.

Travelers Canada

400 University Ave., Toronto, Ontario M6A 2P9; (416) 595-7000

Total assets managed	$535,000,000
Tax-exempt assets managed:	
Total	$193,000,000
Fully discretionary	$193,000,000
Real estate assets managed	$8,000,000
Minimum separate account	$5,000,000
Tax-exempt clients	129
Types of accounts managed	C
No. of portfolio managers	4
Size of research staff	4

The approximate mix of tax-exempt assets managed by Travelers Canada was 11% Canadian stocks, 65% bonds, 7% cash and 17% mortgages as of March 31.

The balanced manager, a subsidiary of Travelers Insurance Co., has equity and fixed-income capabilities.

Relying on sector rotation and market timing in its equity approach, Travelers Canada makes individual stock judgments using value criteria from all market sectors, with the objective of maximizing return consistent with appropriate risk.

For fixed income, the firm uses interest-rate anticipation and sector analysis to maximize return consistent with the security of capital deemed appropriate for the fund.

Travelers Canada has 23 clients that are the pension funds of subsidiaries of U.S. firm.

Clients include Travelers Canada Retirement Plan, Eli Lilly, Chevron Canada and Becker Milk.

David M. Dunford, vice president-Travelers Investment Management, Hartford, Conn., is the chief investment officer; Raymond D. Debieu, director-group marketing, Toronto, is the client contact.

Trust General du Canada

1100 Rue University, Montreal, Quebec H3B 2G7; (514) 871-7433

Total assets managed	$3,094,000,000
Tax-exempt assets managed:	
Total	$655,000,000
Fully discretionary	$682,000,000
Real estate assets managed	$60,000,000
Minimum separate account	$1,000,000
Tax-exempt clients	316
Types of accounts managed	CFU
No. of portfolio managers	9
Size of research staff	3

As of March 31, Trust General had an approximate mix of tax-exempt assets of 22% Canadian stocks, 45% bonds, 15% cash, 10% mortgages and 8% U.S. stocks.

The equity approach of the fixed-income manager is based on sector rotation and market timing. Within the limits of client objectives and constraints, it overweights industry groups offering prospects of the best one-year investment return, given the most probable economic scenario.

The firm relies primarily on interest-rate anticipation for fixed-income management. Within the limits of client objectives and constraints, it overweights credits with the best relative spread prospect of investment return, given the most probable scenario of interest rates.

Trust General has two clients that are the pension funds of subsidiaries of U.S. firms.

Clients include Universite de Montreal, Debardeurs de Montreal, Reynolds Aluminum and Marine Industries.

Andre Bineau, vice president-investment, is the chief investment officer; Jacques Nadeau, assistant vice president-pension funds, is the client contact.

W

M.K. Wong & Associates

2520-1066 W. Hastings St., Vancouver, British Columbia V6E 3X1; (604) 669-4555

Total assets managed	$960,000,000
Tax-exempt assets managed:	
Total	$900,000,000
Fully discretionary	$900,000,000
Minimum separate account	$10,000,000
Tax-exempt clients	49
Types of accounts managed	CEFGU
No. of portfolio managers	4

The approximate mix of tax-exempt assets at M.K. Wong as of March 31 was 27% Canadian stocks, 47% bonds, 14% cash, 9% U.S. stocks and 3% mortgages.

The firm is a balanced manager. Its equity approach emphasizes sector rotation. Fixed-income strategies are based on interest-rate anticipation.

The firm has five clients that are the pension funds of subsidiaries of U.S. firms.

Milton K. Wong, president, is the chief investment officer and the client contact.

Curbs . . .

Continued from page 21

Ontario Municipal Employees Retirement System, the country's second largest pension fund with assets of $3.5 billion.

Mr. Beggs was a co-founder of the organization, which was formed in 1977.

"We believe more attention should have been paid to the investment, or asset side, as well as to the costs of the proposed pension benefit changes," he said.

The association's investment proposals are designed to broaden the investment opportunities for funds and, although the group doesn't say so explicitly, enhance the possibility for return. It also argues the proposals, if adopted, would enhance the safety of pension investments by loosening investment constraints now not always prudent. Among the proposed changes is an end to the ceiling on overseas investment.

Existing regulations, set by federal income tax law, limit such investment in the United States or other foreign nations to a total of 10% of a fund's assets. Mr. Beggs said funds pay an "onerous" fine for exceeding the limit.

The punitive foreign investment tax "does nothing to improve the safety of pension fund investments," the association said in its submission of proposals. "It is in fact detrimental to the goal of growth, because it discourages investment in foreign property that may yield a greater return than Canadian property."

In case the effort to end the ceiling fails, the association proposes to at least double the amount a fund can invest in foreign countries, to 20% of assets.

In interviews, pension fund managers expressed their desire to end or liberalize the foreign investment rule.

Most large pension funds "would like to move toward the American system of prudency, rather than having what's prudent spelled out for them (as in Canada)," said Roger V. Fisher, coordinator of investment services, treasurer's department, Imperial Oil Ltd.

At Canadian Pacific Ltd., G.H. Cloutier, assistant vice president, investments, said the 10% limit "doesn't give me elbow room."

In a related proposal, the association wants the Canadian government to press the United States to end the annual withholding tax, generally 15% and not refundable, on dividends and interest earned on U.S. investments.

An existing treaty to do just that has been signed, but not ratified, in the United States, said Mr. Beggs.

Canadian Pacific's Mr. Cloutier estimates the withholding costs the fund $1.5 million annually.

Such withholding is prevalent in other countries, but the problem is most severe with the United States because all but a fraction of Canadian pension funds' foreign investments are there.

The proposals also would end the separate restrictions of 7% of fund assets in each of real estate and such special investments as venture capital and oil and gas. Instead, it would combine the restriction into a basket limit of 15%. ■

Plans . . .

Continued from page 21

Retirement fund, said, "First of all, I am a money manager myself. I was trained by Scudder, Stevens & Clark (a U.S.-based manager). I am a chartered investment counselor. I've worked in money management all my life. I have a staff of 25 professionals. I think we do as good a job as anyone."

He declined, however, to release returns for the fund.

A closer focus on one of the funds — the CBC — provides a more detailed picture of the way in which funds using in-house management invest their assets.

Even though it is a crown, or government-owned, corporation, "We behave exactly as a private pension plan," said Mr. Lapointe, who, along with four others, manages investments for the CBC fund.

According to a 1983 Pension Finance Associates study of the capital markets coordinated by the Toronto Stock Exchange, most crown corporations have investment policies and allocations similar to private funds.

At the CBC, Mr. Lapointe said, the pension fund has about 9% of its assets in cash, 16% in mortgages, 25% in bonds, 3.5% in real estate, 36.5% in Canadian equities — including a small portion in venture capital and oil and gas properties — and 10% in foreign equities.

By comparison, the capital markets study, using data from 1981, found private pension plans have 37% of their assets in equities, including real estate, and 63% in fixed-income instruments, including bonds, mortgages and cash.

At the CBC, only 5% of its assets, or $44 million, are run by outside managers; all the money is in bonds and mortgages, and is handled by insurance companies.

The CBC, Mr. Lapointe said, has a basic strategy of trying to maintain an even split between fixed-income and equity assets.

In mortgages, for instance, the fund has a target allocation of 20% of assets, although it has slipped as low as 13%. "We tend to have more in mortgages than other funds," he said. By comparison, the capital markets study found private and public funds have, respectively, 14% and 9% invested in mortgages.

He said the fund will vary its bond allocation between 10% and 34% of assets. "You always have in a bond portfolio some that aren't liquid; so it's not practical to eliminate them all," he said. Some 65% of the company's bond portfolio is in government issues, provincial and federal.

Under regulations, pension funds can't own real estate outside Canada. Funds can invest only 10% of assets, based on book value, abroad in a combination of debt and equity. The CBC, as with other funds interviewed, puts all of the 10% in equities and, until recently, all of that in the U.S. capital markets. Now, it has a "small proportion" invested in Japanese stocks, he said.

Mr. Lapointe said venture capital investment is a small portion of the fund's assets. In supplying venture capital, the CBC takes a hands-on approach: "In some cases, one of us (from the pension fund) will be on the board of directors (of the fledgling company)."

He won't disclose specifics about the ventures, saying only the fund has four or five. By law, pension funds can hold no more than 30% of a new firm's equity.

As for investment returns, he said, "They've been pretty good." The fund's annual return for the past six years has been 17.1%, compared with an inflation rate of 9.2%, he said.

Aside from seeking a 3% return over the rate of inflation, he said, "the total fund tries to be above the median (return of pension funds) consistently. For the sixth year in a row, we have done that." ■

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Companies	Tax-exempt assets ($ billions)
Great-West Life Assurance Co.	$ 4.9
Royal Trust Co.	4.5
Morguard Investments Ltd.	3.3
Beutel Goodman & Co.	2.5
Canada Trust Co.	2.4
Toronto Investment Mgmt. Inc.	2.0
Jarislowsky Fraser & Co.	2.0
Standard Life Assurance Co.	1.9
Confed Investment Counselling Ltd.	1.8
Phillips Hager & North Ltd.	1.8

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Shareholder organization proposed

By Steve Hemmerick

SACRAMENTO, Calif. — State Treasurer Jesse Unruh is asking public funds to support a national shareholder organization to review, and to possibly fight, corporate management decisions that would financially hurt the funds.

Such an organization could become a major force with which corporate executives would have to deal.

Seven California public funds, with about $50 billion in assets, met July 9 to discuss forming the organization, and a second meeting in New York for Eastern funds is being planned.

Through the proposed Council of Institutional Shareholders, fund trustees could act on such issues as greenmail, shark repellents, golden parachutes, executive perks and excessive salaries for top management.

For rapid communication among them, a telephone hot line has been proposed.

Some institutional investors have complained the power of corporate managers is unchecked. Robert A.G. Monks, U.S. pension administrator, has asked institutional investors to take a more active role in corporate decisions affecting the value of company shares.

But some supporters of the council contend group awareness of corporate decisions is needed because the vote of a single institutional investor has little impact.

At the first meeting, public fund represenatives agreed the council should deal with financial, not social, issues.

Among those attending the meeting were representatives from the California Public Employees' Retirement System, the California Teachers' Retirement System, the

Continued on page 35

Late news

California picks officer

SACRAMENTO, Calif. — Michael McLaren will quit as executive director of the Minnesota Public Employees' Retirement Association to become chief executive officer of the $12 billion California State Teachers' Retirement System Oct. 15. Mr. McLaren will replace corporate securities lawyer Rick Cohen, who directed the teachers'

Continued on page 2

Pensions & Investment Age

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Sinking EAFE: A stop sign or an opportunity?

Funds split on overseas moves

By Rose Darby

NEW YORK — Four companies recently hired international managers, but at least two others pulled back from overseas investing.

A 12.3% drop in performance of the Europe Australia Far East index during the second quarter prompted Tektronix Inc. to end its search for international managers.

The market drop was a signal the time isn't right to complete the selection of international managers, said Terry Clifford, director-pension investments at Tektronix. The company's pension fund had conducted a thorough search, then pulled the plug before hiring.

Texaco Inc. also ended its international manager search, although officials would not comment.

On the other hand, the same performance figures apparently did not deter four other firms from investing internationally.

The pension and employee benefit funds of Honeywell Inc., Bethlehem Steel Corp., Delta Air Lines Inc. and Eaton Corp. recently selected their first international advisers.

At Tektronix, "we decided it wasn't the right time to do international. We'd had in mind a different environment during the search," said Mr. Clifford.

"In May, we decided to bail out. We could see enough signs that international markets were slowing down, and cash was a better place to be at the time."

The manager search was conducted as part of a rethinking of asset allocation for the $225 million employee benefit fund, Mr. Clifford explained.

"We were looking for one manager, and it would have been our first international one," he said. "We had no predisposed notions as to whether they should be global, regional (such as a Japanese specialist manager) or international.

"We looked at a number of very good managers."

Instead, it was decided that two small-capitalization equity managers, Dimensional Fund Advisors of Chicago and Quest Advisors of New York, would be hired and funded with initial commitments of several million dollars each.

International is still an area of interest for the fund, but it could be the better part of a year before the search is resumed, Mr. Clifford added.

After conducting a six-month search, Texaco Inc. also decided to pull the brakes on international investing, according to money management sources.

Texaco, which has about $1.8 billion in pension and employee benefit assets, is said to have interviewed six to eight international advisers closely, and asked them to do presentations.

Texaco is thought to have been seeking to hire more than one manager in the firm's first foray into international investment.

The entire search process was completed when Texaco Inc. bought Getty Oil in mid-February for $10.1 billion. Then, shortly after the acquisition was announced, everything was tabled, according to sources. It is said Texaco has shelved any decision on international managers indefinitely.

Continued on page 33

Cash Management Directory – 1984

The cash management industry is thriving, and *Pensions & Investment Age's* second annual cash management directory reflects that growth. This year's section details major cash management banks and their services, service providers and associations throughout the United States and Canada. The section follows page 20.

Non-cash contributions get new twists

Eastern grounded in initial bid for pilots' plan debenture

By Kimberly Blanton

BOSTON — The Department of Labor sent Eastern Air Lines Inc. and its pilots back to the drawing board to redesign a debt security to contribute to Eastern's pension fund.

The debenture would replace the pilots' part of a $25 million cash contribution Eastern could not meet when due Sept. 15, 1983. The airline, which suffered a $28 million net loss in the first quarter, has asked the Internal Revenue Service to waive the contribution.

Lawyers for Eastern pilots and executives presented to the agency a proposal for a debt security to place in the pilots' half of Eastern's fixed benefit pension plan, according to Charles Dyer. Mr. Dyer is a pilot and trust administrative chairman and director of the pilots' variable pension plan, which is unaffected.

Mr. Dyer said the security is being remade because the Labor Department, which must approve unusual contributions, gave an informal opinion that it was unacceptable for contribution. He hopes they can rework the terms of the debt security and meet with the agency again soon.

The Air Line Pilots Association prefers something in writing from its employer. The Eastern pilots' $400 million share of the more than $800 million pension fund "is not the bank we want Eastern to borrow money from," he said.

Like the waiver, "it (the new security) is an IOU anyway, but I'd rather have it typed up and drawn up," Mr. Dyer said.

"We're realistic. We don't expect to get ahead of next month's gasoline or electric bill," he said, adding, "We are not going to stand by and condone in any way, shape, or form, these waivers."

The security that first was proposed was a seven-year note with a 9% interest rate. Mr. Dyer would not detail the Labor Department's objection to it, except to say "the interest rate was too low."

Linda Hamilton, a DOL staffer involved in talks with Eastern, also would not comment. Rolf Andresen, Eastern's treasurer, did not return calls.

Another DOL staff member said that in unique cases like this, the agency will give an informal opin-

Continued on page 34

Venture cap draws Honeywell interest

By Kimberly Blanton

MINNEAPOLIS — Honeywell Inc. is contributing an interest in a venture capital partnership to its pension funds, the first known transaction of its kind.

The contribution will diversify existing venture capital holdings, said Robert Mall, vice president of pension investments.

Honeywell turned over a $10 million interest in New Court Partners, a New York venture capital limited partnership, to its pension trust. The interest will supplement the computer company's $89 million contribution for the year ended June 30, 1983.

Although a very small part of the plan's $1 billion assets, the interest will make up about 20% of the roughly $50 million venture capital investments already in the fund.

Mr. Mall said the transaction "was initiated by the pension investment committee," which includes himself as a non-voting secretary and five financial and operating executives.

"It's attractive for the pension fund because it gives us more diversification (in) our venture capital investments," he explained.

The value of the venture capital interest is roughly double the company's original $5 million investment.

Honeywell's application to the Labor Department to approve the transaction under the Employee Retirement Income Security Act probably will receive the agency's stamp of approval, a department spokesman said.

"I truthfully wouldn't see any problem with it," the official said. "We just read it as any other contribution case."

Honeywell joins other companies that have found unconventional ways to meet pension payments.

Continued on page 34

EASTERN
Honeywell

New column

31

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Libbey-Owens hires 5

By Chuck Paustian

TOLEDO, Ohio — Libbey-Owens-Ford Co. hired five managers, terminated two others and transferred $10 million into a global account in the first of two planned moves.

Libbey-Owens, with pension assets of $422 million, spread about $90 million among Batterymarch Financial Management, Boston; Delaware Investment Advisers, Philadelphia; Fidelity Management Trust Co., Boston; and Hotchkis and Wiley, Los Angeles.

The $90 million came from the termination of two balanced managers. W.E. Rose, director-retirement assets for Libbey-Owens, would not reveal which investment firms were terminated.

The changes will become effective Aug. 1.

Mr. Rose said the new managers will have full discretion over the types of investments made.

"Primarily, they are equity-oriented, but they have complete discretion to choose what they consider the best investment at the time," Mr. Rose said.

The four balanced managers listed in the 1984 Money Market Directory are: Chemical Bank, New York; IDS Advisory Group, Minneapolis; Putnam Advisory Co. Inc. and Putnam Fixed Income Advisors, Boston; and Fayez Sarofim & Co., Houston.

One of the released managers also ran a $57 million dedicated bond portfolio for LOF Glass, a subsidiary of Libbey-Owens. This portfolio has been awarded to Minton/Newbold's Capital Management, Philadelphia.

Mr. Rose also said $10 million was shaved from the $80 million account run by Capital Guardian Trust Co., in Los Angeles, and placed in that firm's global account.

The changes will alter the asset allocation at Libbey-Owens, emphasizing the equity position. However, Mr. Rose said this will be temporary. He could not give an exact asset allocation since managers have discretion to switch among various asset classes.

He said Libbey-Owens is planning another realignment in a few months that would return the balance to the asset mix.

"These (initial) moves will increase the equity position of the total portfolio, but in the long run, the balance will return," Mr. Rose said.

Rent on headquarters provides sweet return

DOL exemption for lease asked

By Barry B. Burr

PHILADELPHIA — The Tasty Baking Co.'s pension fund, already overfunded by 60%, wants to sweeten its pot of assets by continuing to lease the firm's headquarters to the company.

The lease would guarantee the fund a 12%-a-year return for 15 years on Tasty's plant and offices here. The property was appraised at $3.3 million.

The $37.9 million pension fund is seeking an exemption from the Department of Labor to continue the lease.

If the exemption from provisions of the Employee Retirement Income Security Act is approved, the company would pay the fund $396,000 a year under the terms of the lease, said Ron Examitas, general counsel and corporate secretary.

Biawanger Co., a real estate firm, in 1983 appraised the market value of the property at $3.3 million, according to the application for the exemption.

Tasty's pension fund continues to grow. In 1983, the latest figures, the plan was 60% overfunded, up from 36% the year earlier, said Walter Oschypko, assistant treasurer and assistant corporate secretary.

He attributed the overfunding to the plan's successful investment strategy.

Right now, he said, the plan is holding much of its assets — 43% — in cash equivalents.

"Isn't it the right place to be at this time?" Mr. Oschypko asked.

Money market funds, he noted, are yielding more than 9%. By contrast, in the first six months of the year, the Standard & Poor's 500 stock index fell 4.93%.

Many pension funds are reporting declines in their portfolios. Stackpole Carbon Co., Puerto Rico Telephone Co. and K mart Corp., which have from 45% to 80% of their assets in equities, reported declines of around 7% for the first half of the year.

As of the beginning of 1983,

The $37.9 million Tasty Baking pension plan is asking the DOL for an exemption from provisions of ERISA in order to continue leasing Tasty Baking's headquarters back to the company

Tasty had $33.9 million in assets, while the accumulated present value of its liabilities was $21.1 million, making it 60% overfunded on a termination basis.

Since then the assets have grown, and were at $37.3 million as of year-end 1983. Mr. Oschypko said newer liability figures are unavailable, but the plan still would be overfunded substantially.

Speaking about the surplus, Mr. Oschypko said, "We're cognizant there have been (by other companies) terminations and reversions (from overfunded pension plans).

"We're not worried about it."

The company has no plans to terminate the plan, he added.

Oppenheimer & Co., among other analysts, sometimes considers companies with pension surpluses, and thus sources of cash, possible takeover candidates. No one has suggested Tasty as such a target.

The company's equity structure might make a takeover difficult to achieve.

It has two classes of stock: class A, each share with one-tenth of a vote; and class B, with a full vote. Both classes paid 40 cents a share in dividends last year.

One broker said some companies, such as The New York Times Co., have different classes of stock with different voting power to make it more difficult to acquire control of the company.

The class B stock, with about 119,000 shares, 60% of which is controlled by the Baur family, has 70 holders of record. It is unlisted; recent over-the-counter reports showed no trades or price, a broker said.

Class A trades on the American Stock Exchange, and recently sold for $12 a share. With about 2.4 million shares outstanding, the stock has a market value of about $30

Continued on page 33

Savings Bank in-house team loses two portfolio managers

By Rose Darby

NEW YORK — The $450 million Savings Bank Retirement System is losing its portfolio management team, but pension fund officials say in-house management will continue.

Edward J. Macheski, vice president of investments, and Sheila Peck, assistant vice president, have resigned to join Carret and Co. Inc., investment managers and broker dealers.

The moves were prompted by an attractive offer, rather than by dissatisfaction with the Savings Bank system, Mr. Macheski said.

"We're sorry to see them go; they did a good job for us," said Edward Kowatch, president of the system, which oversees $450 million for 110 thrift institutions.

Mr. Macheski and Ms. Peck were the only portfolio managers at the system.

They made asset allocation decisions, did their own trading and monitored performance for the $103 million intermediate-term bond fund and the $65 million core equity fund managed internally.

"We will continue to manage those two funds in-house," Mr. Kowatch said.

He said system officials will be meeting with the fund's consultant, Hewitt Associates, to determine the strategy for filling the two positions.

Mr. Macheski will be senior vice president and Ms. Peck will be vice president at Carret.

The two will begin their duties at the firm in early September, said Gerard O. Carret, executive vice president.

"They don't have exactly the same style as we do. However, we have always felt that there's more than one way to make money in this business," Mr. Carret said.

While Mr. Macheski and Ms. Peck's initial work will be doing portfolio management for Carret's existing accounts, the two will be targeting their efforts toward attracting pension fund business, he continued.

One of their first efforts in pursuit of that goal will be to design a marketing presentation to pension funds and corporate customers, he said.

Carret and Co. manages $130 million. About $45 million of that is pension and profit-sharing assets of seven clients, Mr. Carret explained.

Among the largest pension accounts under management are the Handy & Harman employee benefit plans, one of which totals $28 million, he said. The remainder of the assets under management are private trusts and individual accounts, he added.

Mr. Macheski and Ms. Peck are thought to have contributed strongly to the streamlining and modernization of the management of the savings bank's fund that took place during the past two years. ■

Late news

Continued from page 1

system during its transition from internal to external management.

Mr. Cohen said as many as five fixed-income managers, a mix of fixed-income market timers and "long bond" managers, could be selected by the end of July.

The fund also hired Arnold Mattay, formerly senior portfolio manager with San Diego Trust & Savings Bank, to monitor fixed-income external managers, and Dorthea Dutton, formerly manager of fixed-income investment for First Interstate Bank of Oregon, to run an in-house, short-term investment fund.

Pan Am case settled

NEW YORK — In an out-of-court settlement, Bankers Trust Co. agreed to pay Pan American World Airways $265,000 in a case involving misplaced checks.

A judge in the Appellate Division of the State Supreme Court had ruled Bankers Trust was liable to pay $250,000. Bankers was appealing that decision when the settlement was reached.

The misplaced checks, representing payment on an aircraft leased from Pan Am by a leasing concern, accidentally were left in a teller's drawer at Bankers Trust's branch in Old Tappan, N.J. The checks were taken to the branch on Nov. 14, 1978, but they were not processed until Dec. 22.

During that same period, the Canadian aircraft leasing company, Maverick International, failed, leaving insufficient funds in its account. As a result, Pan Am took a $350,000 loss.

Late money movers

• TOPEKA, Kan. — The $1.8 billion Kansas Public Employees Retirement System has committed $20 million to buy securities backed by adjustable rate mortgages originating in Kansas.

• CHICAGO — Midcon Corp., Chicago, has hired Eberstadt Fund Management Inc., New York, to run a high-yield bond account.

• AUSTIN, Texas — The $8.5 billion Teacher Retirement System of Texas has placed a $60 million participating mortgage on First City Centre here.

• PHILADELPHIA — Consolidated Rail Corp.'s $500 million pension fund hired its first international managers: Baring International Investment Ltd., London, and Capital Guardian Trust Co., Los Angeles, each of which will manage $12.5 million.

Personnel changes

• MIDLAND, Mich. — Hansjoerg "Jack" Broser is replacing Ron Sexton as treasurer of Dow Corning Corp. Mr. Broser has been director of marketing for Europe at Dow Corning's office in Brussels, Belgium. He will head the investment committee for the $115 million. Mr. Sexton has been named vice president-controller.

• SAN FRANCISCO — Joe Midwood has been named director of fixed-income management at Crocker Investment Management Corp., San Francisco. He had been director of equity research there.

• CHICAGO — John I. Finnerty, chairman of the fixed-income strategy group, and two others in the trust department of Continental Illinois National Bank & Trust Co. of Chicago resigned, the bank said.

The others reportedly are Jon Holsteen, portfolio manager-balanced investments, and Terry Dennison of the technology group.

• NEW YORK — John Cosgrove, vice president and chief fixed-income manager at Bank of New York, joined Chase Investors Management as a vice president.

Mr. Cosgrove, who will run bond portfolios for Chase, spent three years in the top bond spot at Bank of New York.

• WASHINGTON — Dennis Stattman, the investment officer responsible for overseeing domestic equity managers at the $1 billion World Bank Staff Retirement Plan, is leaving to join Meridian Management in Little Rock, Ark.

Highlights

CORPORATE FINANCE

Salomon Bros. lead debt issue manager 25
'Kicker CAPS' debut 25
Medium-term note issues 25

DAN DORFMAN

New-issues market getting bullish 30

FEATURE

Sandler: A look at the QPAMS exemption 21

GENERAL NEWS

Wade accepts Citicorp offer 4
Alaska commits $25 million to realty 6
TIAA-CREF practices criticized 8

CASH MANAGEMENT DIRECTORY

Industry growth continues CM3
Directory begins CM9
Cash notes CM35

REAL ESTATE

No aftershocks seen from tax law 17
Nevada to break into equity realty 17
Wrap-up 17

DEPARTMENTS

Current accounts 38
Editorial 10
Letters 10
Market beat 9
Money movers 38
News briefs 28
People 32
Washington 22

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Corporate Finance

Managed $9 billion in debt issues

Salomon Bros. trounces competition

By Kimberly Blanton

NEW YORK — Salomon Brothers Inc. trounced the rest of Wall Street, acting as lead manager for $9.166 billion debt issues in the first six months of 1984.

If Salomon looks over its shoulder, however, it will see Drexel Burnham Lambert Inc. has again moved up in the debt ranking, resting at third place among lead managers, according to data supplied by Securities Data Co, Inc.

The $9.166 billion in 75 debt underwritings in which Salomon was lead manager is more than double that of the No. 2 firm, First Boston Corp., which was lead manager for 27 deals worth $3.997 billion equities (52 deals). Drexel Burnham ranked third, acting as lead manager of $3.046 billion, according to Securities Data (*See table*).

Securities Data tallies the net proceeds, not principal value, of all domestic public offerings of securities. It excludes debt-equity swaps and best-effort deals.

In the first half of 1984, corporations raised $33.034 billion in 646 issues in the domestic public debt and equity markets.

The debt market was more active than equities, but both recorded levels below last year. Companies raised $26.656 billion through 311 debt offerings in the first six months of 1984, down from $32.261 billion the first six months of 1983.

Stock market activity fell precipitously.

In 301 issues of common stock, corporations raised $4.160 billion, well below the $21.219 billion raised in the first six months of 1983.

There were only 34 issues of preferred stock, which brought in $2.218 billion, down from $5.636 billion in 1983.

Amid this sluggish market for equities, Goldman, Sachs & Co. emerged first, with $1.345 billion in 17 deals, when credit is given only to lead equity manager.

Goldman, Sachs was followed by Morgan Stanley & Co. ($801 million in 14 deals), First Boston ($596 million in 9 deals), Salomon Brothers ($497 million in 10 deals) and Drexel Burnham ($412 million in 15 deals).

Giving credit to all managers in equity deals, Merrill Lynch Capital Markets was first with $1.659.5 billion in 32 deals. Second was Goldman, Sachs ($1.511 billion, 21 deals), followed by Salomon Brothers ($1.509 billion, 17 deals), Shearson Lehman/American Express ($1.356 billion, 23 deals) and First Boston ($1.213 billion, 18 deals).

Salomon topped not only the list giving credit to lead debt manager, but also that when each manager is credited.

When credit is given to all managers, Salomon underwrote 106 debt issues worth $13.416 billion. First Boston followed with $8.440 billion (77 deals); Merrill Lynch ($8.403 billion, 83 deals); Goldman, Sachs ($6.960 billion, 56 deals) and Shearson Lehman/Amex ($3.768 billion, 46 deals).

Salomon's tremendous volume in the debt markets pushed it to first place when debt and equity underwriting are combined. Salomon raised a total of $9.663 billion in 85 issues when credit is given only to lead manager, and $14.924 billion when all managers are credited.

Some on Wall Street believe Salomon dominated underwritings in the January to June date because

Continued on page 26

Net proceeds from domestic issues
($ millions)

Security	First 6 mos. (1984)	First 6 mos. (1983)
Bonds	$26,656	$32,261
Common Stock	4,160	21,219
Preferred stock	2,218	5,636
Total	$33,034	$59,116

Source: Securities Data Corp.

Domestic debt underwritings
Lead manager first 6 mos. 1984
($ millions)

Salomon Brothers	$9,166.0
First Boston	3,996.7
Drexel Burnham Lambert	3,045.9
Shearson Lehman/Amex	2,313.0
Goldman, Sachs	1,825.8
Merrill Lynch	1,804.3
Prudential-Bache	909.0
Paine Webber	884.8
Morgan Stanley	790.4
Dean Witter	684.3

Domestic equity underwritings
Lead manager first 6 mos. 1984
($ millions)

Goldman, Sachs	$1,344.9
Morgan Stanley	801.1
First Boston	595.7
Salomon Bros.	497.2
Drexel Burnham Lambert	412.1
Merrill Lynch	395.7
Kidder, Peabody	263.9
Shearson Lehman/Amex	223.3
Paine Webber	177.4
Lazard Freres	172.5

'Kicker CAPS' offering makes financing debut

NEW YORK — Morgan Stanley & Co. has added a new twist to convertible adjustable rate preferred stock that makes it a cheaper means of raising equity for corporations.

The new security offers an equity kicker to investors. It has made its debut through a $50 million offering by Ohio Edison Co. in Akron.

Convertible adjustable rate preferred stock with equity kickers, dubbed kicker CAPS, enables buyers for the first time to make a profit on their investments when they convert the preferred security into common, said John Erdman Jr., principal at Morgan Stanley.

Because of the upside potential, Mr. Erdman said, corporations can offer a lower dividend rate and higher conversion premium on the security, making it a cheaper form of financing.

Peter Burg, Ohio Edison's treasurer, said it was the lower financing cost, as well as the potential for a new source of funds, that prompted the company to try out the new security.

Ohio Edison is issuing 2 million shares at a par value of $25 a share. The proceeds of the offering will be used for its general construction program.

The issue was still being priced last week. But depending on its rating, a company offering the new security could reduce financing cost by "150 to 300 basis points after taxes, compared to conventional CAPS and 300 to 500 basis points compared to ARPS (adjustable rate preferred stock)," said Mr. Erdman. The Ohio Edison offering is rated BAA3 by Moody's Investors Service and BB by Standard & Poor's Corp.

Like conventional CAPS, also pioneered by Morgan Stanley and first offered last September by Consolidated Foods Corp., kicker CAPS are priced at a "benchmark rate" or a certain percentage below one of three Treasury rates. Specifically, dividends are tied to the highest of the 90-day, 10-year or 20-year Treasuries, and the rate is reset quarterly.

Originally designed to overcome the volatility and liquidity problems that had besieged ARPs, conventional CAPS were designed to trade at par, by reserving the issuer's right to change the benchmark rate at each reset date.

Also, the security offered limited downside protection on conversion by allowing CAPS to be swapped normally for an equal dollar amount of company common. A CAPS of $100 par value could convert to two shares of $50 common, for example.

While the new security retains these features, Mr. Erdman said it could trade above par because of the equity kicker added to the security. What Morgan Stanley has done to create the equity potential, is give investors the ability to trade in their CAPS for a minimum number of common stock shares, he said.

Although conventional CAPS convert to company stock based on a fixed dollar amount, issuers also set a maximum number of shares that investors can get for CAPS.

But that ceiling applies only when a company's common stock is on the decline. Thus, if the maximum is set at four shares, investors can only convert $100 par value CAPS into four shares of common when the stock hits 25 or below. At the same time, the fixed-dollar conversion rate prevents investors from converting CAPS into more than $100 of common shares when the stock is trading above 25.

The new version of CAPS still imposes a maximum conversion rate for downside protection. The addition of the minimum conversion rate triggered only by gains in

Continued on page 26

Medium-term note issues offer financing continuum

By Kimberly Blanton

NEW YORK — Medium-term notes fast are becoming integral to the financing programs of automobile finance subsidiaries and other companies.

Companies have started medium-term note programs in excess of $4 billion so far this year, a level approaching the $5 billion mark for all of 1983. These statistics come from Merrill Lynch Capital Markets, the dominant dealer in this market.

These levels surpass the $3 billion programs started in 1982 and the less than $1 billion in 1981.

The name Wall Street has attached to these securities, medium-term notes, is deceiving. It is not simply a generic debt issue with a middle-range maturity.

What distinguishes medium-term notes is that, through an investment banker, a company can issue them continually over time — much like commercial paper — instead of a one-time issue.

Finance and leasing companies view medium-term notes as an extension of their commercial paper programs because they have access to the market without having to hire an underwriter and form a syndicate every time they raise capital.

Although financial concerns have been the biggest issuers of medium-term notes, some industrial companies have found uses for them. Last week, United States Gypsum Co. announced a $100 million program for medium-term notes with maturities from nine months to 10 years.

Medium-term notes have the problems that attend a new security, however. The execution of sales of medium-term notes is not as smooth as it is in the well-worn commercial paper market, and the secondary market for the notes is not fully developed.

Several major finance companies are doing their part to foster the market's development, including Dart & Kraft Financial, John Deere Credit Co., McDonnell Douglas Finance and Mellon Financial Co.

Companies view medium-term notes as an extension of their commercial paper programs because they have access to the market without having to hire an underwriter and form a syndicate every time they raise capital

"It has gotten to be a very big piece of our business," confirmed Marvin Runyon, supervisor of funding for the Ford Motor Credit Co. Of the $2.7 billion long- and intermediate-term notes Ford Credit has sold this year, medium-term notes made up $1.7 billion, Mr. Runyon said.

About $300 million of Chrysler Financial Corp.'s recent $1.5 billion shelf registration June 27 was in medium-term notes.

The recent surge in medium-term issues can be explained partly by the rise in long-term interest rates.

Medium-term notes can be issued with maturities between nine months and 15 years, but typically are less than five years.

"What they (medium-term note issuers) are really trying to do is avoid going long until the business cycle reverses" and long-term rates fall, explained Jerry Wigdortz, vice president of Salomon Brothers Inc. Salomon comanaged General Motors Acceptance Corp.'s medium-term note program with Merrill Lynch, and has been involved in other programs.

Although finance companies are responding to the market, medium-term notes meet permanent financing needs as well.

"Our experience has been such that rather than using medium-term notes strictly on an opportunistic basis, issuers are using them as an integral financing source," said Rick Fuscone, managing director at Merrill Lynch.

Finance company executives say they like medium-term notes because they can be in that market continually, and aren't held to one large issue at one interest rate.

Medium-term notes provide "a lot more flexibility with a lot less risk," explained David Robinson, treasurer of Chrysler Financial.

"What's neat about them is that you can sell smaller lots more continuously," said a financial analyst at the leasing subsidiary of a conglomerate.

"You don't have the one-time interest-rate risk of one issue, and for a company like ours that's growing fast and steadily, we can take the funds as we need them."

Also, financial executives are beginning to take a close look at ways to match maturities on their liabilities with those on assets.

Medium-term notes, along with other financial devices like futures, provide a way to match maturities on both sides of the bal-

Continued on page 26

New issues of corporate securities

June 25 — July 6, 1984

Issue date	Company	Amount ($ mil.)	Type of security	Offering price Debt (%) Share ($)	Gross spread as % offer price	Where traded (to list)	Managers
6/26	BankAmerica	200.00	Fltg. Sub. Note	99.38%	0.604	NY	SAL/PAINE-W/FBC/GS/MLCM/DWR*
6/26	Cleveland Electric	50.00	First Mortgage	99.10%	0.631	OTC	MorganStanley/Shearson/Prudential-Bache/Salomon
6/26	First Texas Savings Assoc.	65.00	Fltg. Sub. Deb.	100.00%	4.000	OTC	Drexel Burnham Lambert
6/26	Shaughnessy Development	35.00	S.F. Deb.	100.00%	4.000	PH	Drexel Burnham Lambert/Sherson Lehman-Amex
6/26	Flagler Bank	5.70	Common	$12.00	8.000	IPO	Chicago Corp.
6/26	James River Corp. of Virginia	54.08	Common	$27.25	4.128	NY	Kidder/Scott & Stringfellow/Wheat, First Securities
6/26	Toledo Edison	45.75	Common	$15.25	4.393	NY/MW	Merrill/First Boston/Prudential-Bache/Dean Witter
6/26	Louis Vuitton	15.47	Common	$15.00	7.267	IPO	Becker/Bear Stearns
6/27	Home Depot	75.00	Cvt. Sub. Deb.	100.00%	2.500	NY	Bear Stearns/Merrill (books)/Invemed
6/27	PO Folks	18.50	Cvt. Sub. Deb.	85.00%	3.529	OTC	Kidder Peabody/Alex. Brown
6/27	Zytrex	5.55	Common	$4.62	9.001	OTC	Sherwood
6/28	W.H. Brady	12.50	Common	$20.00	7.000	IPO	Wm. Blair/Robert W. Baird
6/29	Colonial Bancgroup	6.87	Common	$11.00	7.545	OTC	Merrill Lynch/Keefe, Bruyette
7/3	Salomon Bros. Mortgage Sec. II	150.00	FN-FH CMO	44.25%	1.977	NY	Salomon Bros.
7/3	Salomon Bros. Mortgage Sec. II	195.00	FN-FH CMO	70.50%	0.957	NY	Salomon Bros.
7/3	Salomon Bros. Mortgage Sec. II	130.00	FN-FH CMO	77.50%	0.806	NY	Salomon Bros.
7/3	Salomon Bros. Mortgage Sec. II	275.00	FN-FH CMO	90.19%	0.554	NY	Salomon Bros.
7/3	Coastal Savings Bank	5.03	Common	$7.37	7.254	IPO	Prudential-Bache/Burgess & Leith
7/5	Guaranteed Mortgage II	20.35	Col. Bond	100.00%	3.500	OTC	Blunt Ellis & Loewi
7/5	Alternacare	8.77	Common	$6.75	8.222	IPO	Becker-Paribas/Dean Witter
7/5	Comdata Network	10.90	Common	$15.00	4.267	OTC	J.C. Bradford
7/6	Triangle Industries	100.00	Fltg. Sub. Note	100.00%	4.000	OTC	Drexel Burnham Lambert

Source: Securities Data Corp.

Col.: Collateralized
Cvt. Sub. Deb.: Convertible Subordinated Debenture
Fltg. Sub. Deb.: Floating Subordinated Debenture

FN-FH CMO: Fannie Mae-Federal Home Collateralized Mortgage Obligation
S.F.: Sinking Fund

IPO: Initial Public Offering
MW: Midwest Stock Exchange
NY: New York Stock Exchange
OTC: Over the Counter
PH: Philadelphia Stock Exchange

*Salomon/Paine Webber/First Boston/Goldman, Sachs/Merrill Lynch/Dean Witter

Salomon Bros. trounces . . .

Continued from page 25

they are such big players in mortgage-backed securities.

"The mortgage market is part of it," admitted one investment banker at Salomon. "But I think the competition likes to point its finger at us and say (mortgages) distort those statistics."

Salomon is also first if mortgage securities are excluded, he said, partly because of the company's work with financial service companies.

Salomon, for example, was lead manager for Travelers Insurance Co.'s issue of $1.25 billion issue of collateralized bonds.

Salomon's activity is not surprising, but Wall Street is taking note of Drexel Burnham, which continues its persistent climb up the rankings.

Drexel Burnham fell in at sixth place for $3.099 billion debt issues for which it was lead manager in the first six months of 1983. A year later, the company has moved up to No. 3, nudging out Goldman, Sachs; Merrill Lynch; and Shearson Lehman/Amex.

Frederick Joseph, head of Drexel Burnham's corporate finance group, denied suggestions his firm's recent rise is due strictly to its work among companies that issue lower-rated bonds. He said the firm's business just "grows faster in the tougher markets." In 1981, another "tough market" in which Drexel placed $2.112 billion, the company secured ninth place for full credit to lead manager, up from 13th in 1980, he said.

According to the firm's own calculations, Drexel Burnham's share of issues by high-yield companies was 17% in the first half of 1984, against a 13% stake in 1983. Drexel Burnham said it managed $3.206 billion of the $4.616 billion high-yield issues this year, against $2.452 billion of the $4.112 billion issues in the first half of 1983.

Drexel Burnham has, nevertheless, picked new high-yield clients, including United Brands Co., which hired the investment banker as lead manager of its first long-term debt issue in 10 years. In early March, United Brands issued $100 million senior subordinated debentures. ■

Ohio Edison 'kicker CAPS' . . .

Continued from page 25

company stock prices, however, gives investors the potential to trade in CAPS for more than their original par value, according to Mr. Erdman.

For example, if company common stock is trading at 50, the company could issue kicker CAPS convertible into a minimum of 1.6 shares and a maximum of four shares.

If the common rises to 100, investors could trade their $100 CAPS for $160 worth of common, making a $60 profit on the deal.

At the same time, should the stock fall to 25, investors could swap their CAPS for the maximum four shares, or $100, of common.

Although there's no guarantee CAPS investors won't lose money if company stock falls too much, Mr. Erdman said that risk is small. Common prices would have to fall more than 50% before the risk of losses was imminent.

Moreover, CAPS issuers can change the maximum quarterly should stock prices warrant it.

There's also no guarantee investors in the new security will make money on the upside since the minimum conversion rate is set at a level that provides a profit only after company common has risen appreciably.

Mr. Erdman explained that with that rate at, say, 1.6 shares and company stock trading at 50 at the outset of a kicker CAPS offering, the common stock would have to climb to 62½ before investors could make money on a $100 CAPS conversion.

Mr. Erdman said the new security is expected to draw interest from new types of investors.

Buyers of CAPS largely have been corporations attracted by the promise of high after-tax yields stemming from the 85% dividends exclusion allowed corporate investors. ■

Medium-term notes offer . . .

Continued from page 25

ance sheet.

For example, the leasing subsidiary uses medium-term notes to match maturities on medium-term automobile leases.

Viewed as an extension of commercial paper issues, the medium-term notes have some of the problems of a young market.

It's still easier for a top-rated company to raise $50 million worth of six-month commercial paper than $25 million at 24 months, explained one investment banker.

"You're in that never-never land between long bonds and money market instruments," he said.

Also, trading in the secondary market is predictably light.

Dealers in medium-term notes such as Merrill Lynch and Salomon are doing what they can to improve the liquidity in medium-term notes.

But Salomon's Mr. Wigdortz admitted, "I believe anytime you've got a market under evolution and only (a few) major dealers involved . . . you're not going to have the secondary market liquidity."

Another feature of medium-term notes, which can be sold publicly or privately, is their design can vary.

Most of the issues of medium-term notes have been with a fixed interest rate, although Chrysler's recent program offers variable-rate notes that float with the London interbank offered rate, or LIBOR. Chrysler is using the floating-rate notes to offset a lot of fixed-rate financing on the books, Mr. Robinson explained.

Chrysler's floating-rate, medium-term notes also will match assets that have floating interest rates, he said. ■

Corporate notes

Mixed reviews given

NEW YORK — The presidents of about half the companies surveyed recently were unhappy with their underwriters when taking their companies public.

Forty-eight percent of the 189 presidents of newly public companies surveyed by Lobsenz-Stevens Inc. believe their underwriters did not do all they could for the company during the initial public offering.

About the same number, 49%, were happy with the work. All these firms have gone public in the past five years. Fifty-one percent said they would use the same underwriter again, and 44% said they would not.

Despite some dissatisfaction with underwriters' services, however, 92% of the presidents said they do not regret taking their companies public, while only 8% would not go public if they were faced with the decision again.

Also, 79% of them said the initial offering price of their stock was higher than or about what they expected, and only 21% thought the price was too low.

'Who's Who' printed

TIBURON, Calif. — Who's Who of Corporate Acquisitions now is available from Tweed Publishing Co.

The book, compiled by James Mahoney, is a directory of active corporate acquirers, investment bankers and other firms that specialize in arranging mergers and acquisitions.

The reference book lists companies seeking new acquisitions and details on what they are looking for, past purchases and the finance executives responsible for mergers.

H&Q expands office

BOSTON — Hambrecht & Quist of San Francisco has placed the first corporate finance specialist in its Boston office. Robert Whelan, who left A.G. Becker/Paribas in March to join Hambrecht & Quist as a principal, will head corporate finance in Boston.

The expansion by Hambrecht & Quist, which specializes in technology companies, "is in line with what we're doing on the East Coast, expanding our corporate finance operations" to serve companies it already has taken public and to raise venture capital financing, Mr. Whelan explained.

Jarrell appointed

WASHINGTON — Gregg A. Jarrell has been named chief economist of the Securities and Exchange Commission. He succeeds Charles C. Cox, who was appointed an SEC commissioner last December.

Dan W. Schneider has been appointed deputy associate director of the commission's division of market regulation. He will work in the office of self-regulatory oversight and market structure.

Extendibles sold

ENGLEWOOD CLIFFS, N.J. — CPC International Inc. sold $75 million of extendible notes to a small group of institutional investors, Bruce Walter, assistant treasurer, confirmed.

An issue most suited to frequent borrowers such as financial companies, extendible notes are apparently becoming an option for non-financial concerns. Hospital Corp. of America filed to issue $75 million of extendible notes; the owner and operator of hospitals has not gone to market with the securities (*Pensions & Investment Age*, June 11).

CPC International, a major food company, issued extendible notes to convert to fixed-rate debt part of its outstanding commercial paper, which is continually rolled over and floats with interest rates, said Mr. Walter.

The company did not want to lock in a rate that was too long term, however. In four years, CPC International has the option of renewing the extendibles up to three more years.